



บริษัท นอร์ทอีสท์ รีบเบอร์ จำกัด (มหาชน)
NORTH EAST RUBBER PUBLIC COMPANY LIMITED



ANNUAL REGISTRATION STATEMENT / ANNUAL REPORT

2023

(FORM 56-1 ONE REPORT)



WWW.NERUBBER.COM



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VISION & MISSION

VISION

**TO BE A LEADING NATURAL RUBBER
MANUFACTURER, FOSTERING BUSINESS GROWTH
IN THE DOWNSTREAM INDUSTRY WITH SOCIAL
AND ENVIRONMENT RESPONSIBILITY WHILE
PRIORITIZING CARBON NEUTRALITY AND
SUSTAINABILITY.**





MISSION

N NATURAL RUBBER MANUFACTURER DELIVERING
BEST END PRODUCTS WITH COST EFFICIENCY

E ENGAGING STAKEHOLDERS FOR
CARBON NEUTRALITY APPROACH

R RESEARCH AND DEVELOPMENT FOR DOWNSTREAM
PRODUCTS VARIETY

S SUSTAINABLE DEVELOPMENT (ESG)
AND ECONOMIC GROWTH FOR STAKEHOLDERS



Our Products



RIBBED SMOKED SHEET (RSS)

Ribbed Smoked Sheet: RSS / Compressed Smoked Rubber Sheet, is a primary natural rubber product, that has been processed into sheets through heat and relying on smoke combustion to coat the surface of the rubber, which are done at the same time. Afterwards, the rubber is graded according to widely used requirements, for example, contamination, air bubbles, color and color consistency, and other contaminants including mold. In all, there are three quality grade rubber sheets that are popularly used in the downstream market, which are: rubber sheets class 2, 3 and 4, from the highest to lowest quality grade respectively.



STANDARD THAI RUBBER (STR)

Standard Thai Rubber: STR / Compressed Standard Thai Rubber, is a primary natural rubber product that is obtained from the process of chopping, grinding, shredding of cup lump rubber, crepe rubber, scrap rolled rubber sheets and other natural rubber scraps, combined into one substance. It is then heat treated by baking into a rectangular shape that has a size according to the standard set by the Rubber Division, hence where the name "Standard Thai Rubber" comes from. Sorting rubber quality grades of Standard Thai Rubber has more detailed variables than rubber sheets, and will have an exact testing value according to the standard set by the Department of Agriculture.



MIXTURES RUBBER

Mixtures Rubber is a primary semi-natural rubber product. It is made from the addition of synthetic rubber and/or chemicals into natural rubber, according to the features or special characteristics specified by the customer, hence the name “Mixtures Rubber”. Mixtures rubber has testing standards similar to Standard Thai Rubber; the difference is in the testing variable according to the ingredients. The product packaging process is similar to that of Compressed Standard Thai Rubber, but it has a different color code.



RubberFlex

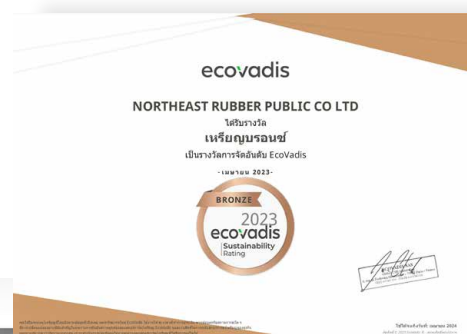
Rubber sheet for livestock, under the brand RubberFlex, is produced from natural rubber. It was researched and developed in collaboration with the Rubber Innovation Institute at Prince of Songkla University, and has passed international qualification tests. The purpose of RubberFlex is to increase the efficiency and good hygiene in managing livestock for operators, which is achieved through improving the quality of life of livestock. For example, reducing the injuries caused by pressure sores in dairy cows is another factor to increase the production of milk, since it reduces stress arising from the injury and allows cows to be able to eat more food.

Awards and Accomplishments



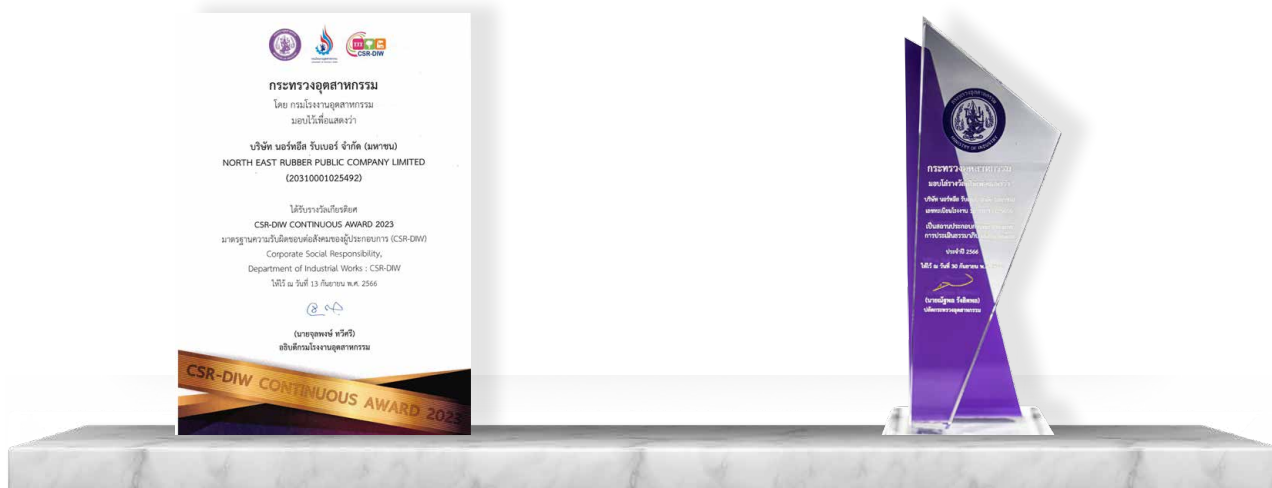
The Company was selected as one of the listed companies to achieve sustainability ratings of "A" level in the SET ESG Ratings 2023.

The Company is committed to maintaining excellent corporate governance. In 2023, it received 5 star "Excellent" CG Scoring.



In 2023, the Company received the ESG 100 award for the fifth consecutive year since 2019. It is a guarantee of our outstanding sustainability practices in the agriculture industry in Thailand.

The Company has received a bronze medal from Ecovadis Sustainability Rating in 2023.



The Company has received CSR-DIW Continuous Award 2023 for sustainable economic and community-driven environmental initiatives, from the Department of Industrial Works for the second consecutive year, demonstrating its commitment in management according to international standards, especially in sustainably carrying out its responsibilities towards the society and community.

The Company received an award for Establishment that passed the Environmental Governance Assessment Criteria 2023 from the Ministry of Industry.



The Company has received Carbon Footprint for Organization (CFO) certificate from Thailand Greenhouse Gas Management Organization (Public Organization).

The Company has received certification in the Standard on Prevention and Solution to Drug Problems in an Establishment certificate from the Buriram Provincial Labor Protection and Welfare Office.

Message from the Chairperson of the Board of Directors



Mr. Chanitr Charnchainarong
Chairperson of the Board of Directors

The year 2023 has been a challenging year in many aspects. There have been risks from the transition affecting the economic system. Now, many countries are prioritizing sustainable economies, especially transitioning to a low-carbon society. This presents a challenge for the Company as we must be prepared to adapt to the global trends. The global economy has transitioned from recovery to a slowdown due to increases in interest rates to combat inflation. This is further complicated by wars. Trade barriers are intensifying, and the impacts of climate change are exacerbating risks and damages to agricultural products, all directly impacting business operations. However, we stand united in our effort to work to the best of our ability. We are well-prepared to handle challenges, and quick to adapt to various situations. By turning crises into opportunities and building on our existing strengths, we continue to maintain our leadership in natural rubber production and achieve remarkable growth.

It has been more than five years since we became listed on the Stock Exchange of Thailand in November 2018. Our operating results have grown continuously from 2018 to 2023, both in terms of revenue and net profit. Our revenue grew 2.5 times from THB 10,084 million to THB 25,057 million, while our net profit increased threefold from THB 486 million to THB 1,546 million. Our market capitalisation has also doubled. This demonstrates our commitment over the past five years to continuous improvement, maintenance of strong liquidity, and an appropriate financial structure. In addition to consistently good operating results, we focus on growth, constantly improving and streamlining our business operations. This includes a continuous expansion of production capacity from 232,800 tons each year in 2018 to the current total production capacity of 516,000 tons each year. We continuously improve and enhance efficiency, effectiveness, and productivity in our operations. This includes maximizing our resource utilisation, zero waste effort to reduce

waste from production processes, and measures to lower product costs by increasing production volumes to achieve the economy of scale by reducing costs for each unit. We are expanding the use of renewable energy, including solar and biogas, to its full potential to reduce electricity and thermal energy costs. These initiatives are integral to our journey towards achieving carbon neutrality and net zero emission goals in the future.

The year 2023 has also been another outstanding year for us. In addition to the economic aspect of business operations, we have also prioritized and aimed for sustainability in three key dimensions: environmental, social, and governance (ESG). We have received awards from various national and international organizations for our commitment to driving the organization towards excellence, establishing a foundation for a leadership organization that achieves stable and sustainable growth in the long term. We have also extended the benefits of this growth to our society and communities. We remain committed to carry on with this practice continuously. We have been selected as one of the ESG100 companies with outstanding performance in environmental, social, and governance areas for many years. We also received a sustainable stock assessment on the SET ESG Ratings for 2023 ranking at the "A" level (formerly THSI) in the agricultural business and food industry group from the Stock Exchange of Thailand, marking our second consecutive year of this recognition.

On behalf of the Board of Directors and executives of Northeast Rubber Public Company Limited, I would like to thank all stakeholder groups for their continued trust and support. We are committed to operating sustainably, considering environmental, social, and governance factors, along with sustainable value chains. We aim to be the leader in natural rubber production, developing our business for growth to generate significant and ongoing returns for all stakeholders over the long term.



Message from the Chief Executive Officer



Mr. Chuwit Jungtanasomboon
Chief Executive Officer

Our goals and commitments to lead in the industry of natural rubber production and sale have driven the Company's vision and strength, which has resulted in our achievement of continuous and stable growth both in our production capacity and sales volume of natural rubber products. In 2023, our order volume has increased, and our export volumes have become highly flexible. This has led to plans for expanding to our third plant to boost the production capacity of STR and mixtures rubber. We expect this plant to be completed in 2024. After the expansion of production capacity, we will achieve annual capacity of 800,000 tons. This increase will benefit from the use of technology and automation for enhanced efficiency and precision, as well as minimized production losses and reduced production and operational costs.

Our revenue in 2023 from the sale of natural rubber products met the set target. We have secured advance orders up to 2024. This was driven by increasing demand for natural rubber products based on the market demand. The increase is consistent with the recovery of both domestic and international industries, as well as the growing interest in electric vehicles and investments in infrastructure that are likely to expand. This is in line with the growing demand for rubber for construction and results in a doubling of orders.

We also use a marketing strategy that focuses on manufacturing high-quality products, ensuring timely delivery, and aiming to penetrate new potential markets, both domestically and internationally, including China, India, Singapore, Japan, and Europe. We can maintain or competitiveness and revenue growth by reducing production costs and focusing on the development of machinery and production tools, and improved production efficiency through the continuous and relentless application of technology for better work processes. We also use alternative energy sources, such as solar and bioenergy, to lower energy costs in our factories and reduce our greenhouse gas emissions.

We aim to enter new potential markets and increase our product range. We have successfully obtained product standard certification from the Thai Industrial Standards Institute (TIS) for our finished products,

including livestock bedding sheets for cows, pigs, and other pets, which have already been produced and marketed. We are currently applying for international standard certification for these products. We are receiving continuous orders, and we are confident that these products will significantly contribute to our future revenue growth. Our marketing strategy includes research and development efforts in collaboration with educational institutions and research institutes. This partnership aims to produce various types of finished products using rubber as the primary raw material, to continuously enhance the value of rubber products and ensure our sustainable growth over the long term.

The global business sector now focuses on sustainable growth objectives. Therefore, we are committed to and prioritize sustainable development, adhering to environmental, social, and governance (ESG) principles, which encompass environmental management, social responsibility, and governance practices. Additionally, we rely on these practices as strategic risk management tools to assure business partners and investors of stable, long-term returns, and sustainable business growth. We also prioritize and focus on improving quality of life for our community through various initiatives. We are committed to social and environmental care. We are supporting local employment, ensuring community health, and promoting the efficient use of resources. These efforts align with the Sustainable Development Goals (SDGs) and aim to benefit the community, society, and the environment, complementing our goal of sustainable growth.

As Chief Executive Officer of Northeast Rubber Public Company Limited, I would like to express our gratitude to all stakeholders for their unwavering support and trust, which have been instrumental in our prosperity and strengthening growth. We remain firmly committed and fully dedicated to performing our duties to the best of our capability to advance our business and to achieve continuous and sustainable development within the organization. We will operate our business such that it integrates sustainability strategies into our operations, is grounded in principles of good corporate governance, and progresses towards becoming a truly sustainable organization that is committed to creating a better society and environment for our world.



Operating Highlights



Total assets
16,839
Million Baht



Total income
25,057
Million Baht



Net profit
1,546
Million Baht



Gross profit
2,813
Million Baht



Total liabilities
9,371
Million Baht



Shareholders' equity
7,468
Million Baht

Unit : Million Baht

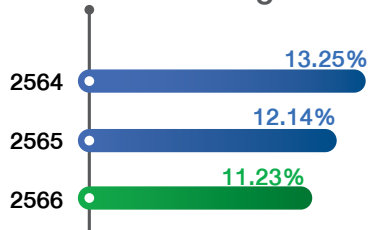
| | Year 2021 | Year 2022 | Year 2023 |
|----------------------------------------------------------|-----------|-----------|-----------|
| Financial position | | | |
| Current assets | 12,416 | 14,232 | 14,627 |
| Non-current assets | 1,823 | 2,074 | 2,212 |
| Total assets | 14,239 | 16,306 | 16,839 |
| Current liabilities | 5,154 | 4,505 | 4,281 |
| Non-current liabilities | 3,639 | 5,213 | 5,090 |
| Total liabilities | 8,793 | 9,718 | 9,371 |
| Shareholders' equity | 5,446 | 6,588 | 7,468 |
| Registered capital | 1,005 | 1,005 | 1,005 |
| Issued and paid | 880 | 924 | 924 |
| Operating results | | | |
| Revenues from sales | 24,426 | 25,172 | 25,045 |
| Total income | 24,456 | 25,203 | 25,057 |
| Cost of sales | 21,190 | 22,116 | 22,232 |
| Gross profit | 3,236 | 3,056 | 2,813 |
| Operating profit | 2,218 | 2,223 | 2,070 |
| Net profit | 1,850 | 1,748 | 1,546 |
| Cash flow | | | |
| Net cash flow provided by (used in) operating activities | (1,684) | 1,258 | 367 |
| Net cash flow provided by (used in) investing activities | (282) | (430) | (309) |
| Net cash flow provided by (used in) financing activities | 1,676 | 28 | (1,393) |
| Cash and cash equivalents at 31 December | 540 | 1,396 | 61 |



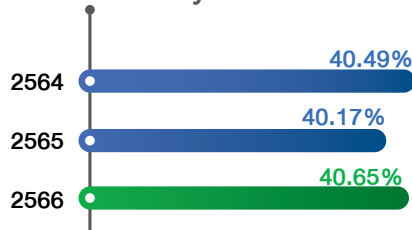


Financial Ratios

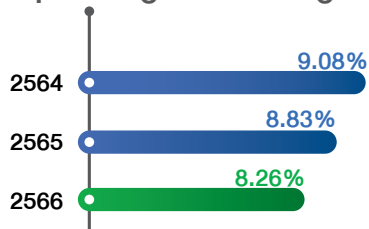
Gross Profit Margin



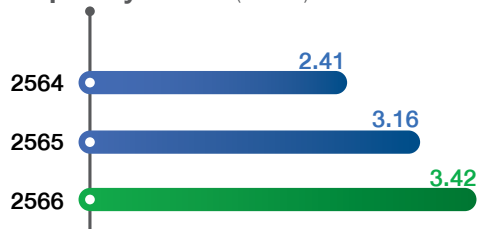
Dividend Payout Ratio



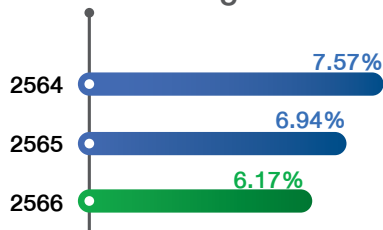
Operating Profit Margin



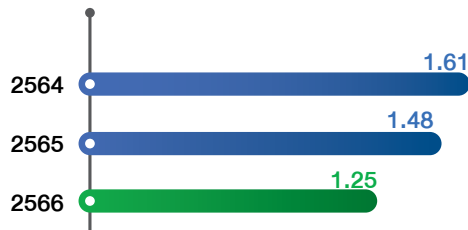
Liquidity Ratio (Time)



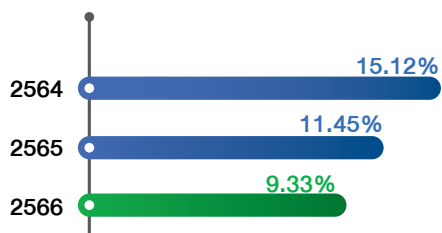
Net Profit Margin



Interest Bearing Debt To Equity (Time)



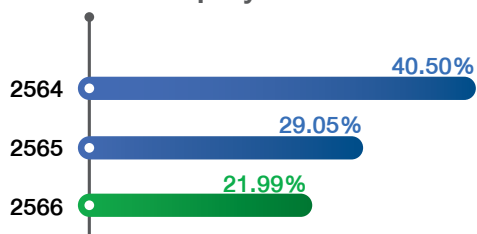
Return on Assets



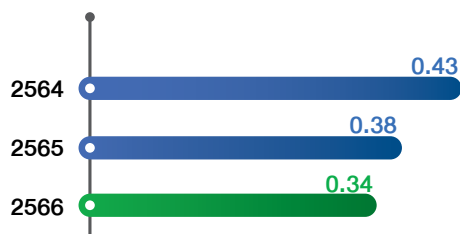
Earnings Per Shares (THB/Share)



Return on Equity Holders of the Company



Dividend Per Shares (THB/Share)



The background of the slide features a blue-tinted image of a modern city skyline with several skyscrapers. In the foreground, there are silhouettes of four business professionals (two men and two women) standing and shaking hands, suggesting a business deal or partnership. The overall aesthetic is professional and corporate.

Part 1

Business operations and operating results

NORTH EAST RUBBER PUBLIC COMPANY LIMITED

North East Rubber Public Company Limited (the “**Company**”; “**NER**”; “**We/we**”; “**us**”; “**Our/our**”) was established on 12 June 2006 by Mr. Chuwit Jungtanasomboon with an initial registered capital of THB 20 million. The Company's objective is to produce and distribute ribbed smoked sheets (RSS) and rubber products. In 2009 the Company began to increase production and distribution of mixture rubber. In 2013, the Company started producing standard Thai rubber 20 (STR20) to sell to manufacturers in the automotive industry and intermediaries, both domestic and international, including in the People Republic of China; Singapore; Japan; India; and Hong Kong.

With firm commitment and determination, we have grown into one of the country's top natural rubber producers. We are actively engaged in providing knowledge to rubber growers through the Rubber Authority of Thailand, rubber growers cooperatives and rubber growers nationwide, as well as in developing new products for expanding into downstream businesses.

At present, the products produced and distributed by the Company can be categorized into four groups:

1. Ribbed Smoked Sheets (RSS);
2. Standard Thai Rubber 20 (STR20);
3. Mixture rubber; and
4. Livestock rubber mattresses

The Company is licensed to produce and export rubber. The Company has conducted rubber quality analysis and testing under the Rubber Control Act, B.E. 2542 (1999). With years of experience, the Company has grown consistently to become a producer and distributor of high quality RSS, STR20 and mixture rubber.

We take pride in producing products to meet international standards. We have continuously improved product and service quality to the satisfaction of customers, obtaining ISO 9001:2015 Quality Management System certification; ISO14001:2015 Environmental Management System certification; and ISO 45001: 2018 Occupation Health and Safety Management System certification. In addition, we have been certified for ISO/IEC 17025:2017, the international standard for testing and calibration laboratories, which helps build customer confidence, improves competitiveness at the international level, and meets the requirements and expectations of stakeholders.

We implement corporate social responsibility (CSR) programs that help us be socially and environmentally accountable to ourselves and the public. We put in place an environmental management system to monitor, assess and review the outcome for continuous development. We obtained a green industry certificate and were certified “Green Industry Level 3” by the Ministry of Industry. In 2023, we received an CSR-DIW award for the second consecutive year for our environmental stewardship, social responsibility and corporate governance, and a bronze medal award from EcoVadis, a CSR rating agency. We were also selected as one of the listed companies for inclusion on the SET ESG ratings list under “A” category.

1.1. Policy and overview of business operations

NER endeavors to achieve the status of a leading eco-friendly rubber producer at the global level, and market leader both in the domestic and international markets. We aspire to conduct business with integrity, transparency and fairness, delivering customer satisfaction while being a socially responsible corporate citizen that takes good care of community and social wellbeing, the environment and efficient use of natural resources. We have established our vision, mission and operational plans as follows.

1.1.1. Vision, mission, corporate goals or operational strategies

Our vision

“To be a leading natural rubber producer through expansion into downstream industries, with a high level of social responsibility and environmental stewardship, along the sustainable pathway towards carbon neutrality.”

NER is unwavering in its endeavor to becoming one of the country’s leading natural rubber producers, with social responsibility and environmental stewardship, throughout the value chain. With our operations under professional management, guided by corporate governance, we strive to constantly develop and add value to its businesses to deliver products and services that meet the highest standards to the satisfaction of all stakeholders.

Our mission

1. To produce and deliver cost-effective quality products.
2. To encourage stakeholders to transition towards carbon neutrality.
3. To focus on research and development to increase variety of finished products.
4. To ensure sustainable growth with due consideration for the environment, the society, corporate governance and stakeholders.

Corporate goals or operational strategies

NER has formulated operational strategies to achieve the following corporate goals in 2024.

1. To expand production capacity to meet the continuously increasing demand for natural rubber products, delivering quality products on time to support market expansion and a rise in purchase orders in 2024, through investment to boost production capacity with the third plant in our current production complex to reach a planned output of 818,000 tons per year.
2. To expand and increase distribution channels to new markets with growth potential, new opportunities and ever-rising purchasing power around the world, such as countries in East Asia, South Asia and Africa, among others.
3. To zero in on product development, environmental stewardship, social responsibility, and investment in supply chain development, particularly sustainable sourcing, focusing on quality raw materials from sources or suppliers that are in compliance with ESG guidelines.



4. To promote social responsibility and participation of surrounding communities in the implementation of our sponsored projects to develop and enhance the quality of life of the community, social development, and environmental stewardship.

5. NER underscores the importance of shifting towards renewable energy in its production process as well as conservation and responsible use of natural resources while cutting back on greenhouse gas emissions. We put emphasis on adding value to waste, or unused or discarded materials under the circular economy approach, including working towards carbon neutrality that is eco-friendly and benefits surrounding communities.

6. To promote wellbeing of employees, creating safe work environment and appropriate occupational health for quality of life and to improve employee engagement.

7. To constantly develop human resources in all aspects while instilling in them a positive mindset and upgrading their skill sets.

8. To prioritize application of new technology and innovations to boost productivity, production capacity, production speed, and precision, as well as encouraging employees to collaborate and take the initiative to develop in-house innovations with the aim to reduce production cost and optimize use of resources.

Corporate goals or operational strategies in the medium and long-term

NER prioritizes research and development to create new products that meet customer requirements. We set the target to increase revenue share from new finished products made from natural rubber to 10% of total revenue by 2027, and to reduce GHG emissions to accomplish carbon neutrality by 2030.

1.1.2. Material change and key developments

| Material change and key developments | |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Year | Details |
| 2006 | ➤ June 2006: NER was incorporated with initial registered capital of THB 20 million, with the objective of producing and distributing natural rubber products in the forms of ribbed smoked sheets (RSS) for the domestic market. |
| 2007 | ➤ NER expanded the distribution of ribbed smoked sheets to automobile tire manufacturers in both domestic and international markets. |
| 2009 | ➤ May 2009: NER obtained a certificate issued by Bridgestone for the quality of RSS#3 and RSS#4, enabling NER to supply the products to Bridgestone manufacturing plants around the world. ➤ NER built a factory and purchased production machinery for mixture rubber. |
| 2010 | ➤ NER commenced production of mixture rubber for both domestic and international markets. ➤ December 2010: NER obtained ISO9001:2008 for its quality management system. |

| Material change and key developments | |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Year | Details |
| 2013 | <ul style="list-style-type: none"> ➤ NER completed construction of a new production plant, installed machinery and began producing STR20. |
| 2014 | <ul style="list-style-type: none"> ➤ NER commenced production of STR20 for both domestic and international markets. ➤ August 2014: NER obtained ISO14001:2004 certification for its environmental management system, and OHSAS 18001:2007 certification for its occupational health and safety management system of all production processes of ribbed smoked sheets, STR and mixture rubber). |
| 2015 | <ul style="list-style-type: none"> ➤ NER commenced a biogas production project, using complete fermentation process technology to produce biogas from biomass combined with microorganisms left over from the wastewater treatment system of NER's rubber production plants. The biogas production plant with power generating capacity of 4 megawatts, as an alternative energy source, helps reduce electricity costs. ➤ August 2015: NER received a certificate of commendation as a workplace that has implemented the safe workplace project as part of the celebration of HM Princess Maha Chakri Sirindhorn from the Ministry of Labor. ➤ August 2015: NER was granted a license to produce STR20 according to the Rubber Control Act, B.E. 2542 (1999) from the Department of Agriculture, Ministry of Agriculture and Agricultural Cooperatives, with assigned code CZ. |
| 2016 | <ul style="list-style-type: none"> ➤ April 2016: NER received green industry level 3 certification for its environmental management system. |
| 2017 | <ul style="list-style-type: none"> ➤ February 2017: NER obtained ISO 9001:2015 certification for its quality management system. ➤ June 2017: NER obtained ISO 9001:2015 certification for its quality management system, and OHSAS18001: 2007 certification for its occupational health and safety management system. ➤ July 2017: NER obtained ISO 14001:2015 certification for its environmental management system. |
| 2018 | <ul style="list-style-type: none"> ➤ January 2018: NER received a quality certificate from Bridgestone for RSS#2. ➤ June 2018: NER was registered to change its status from a limited company to a public company limited company and changed the name to North East Rubber Public Company Limited. ➤ November 2018: ordinary shares of NER were traded on the Stock Exchange of Thailand (SET) in the agro and food industry, agriculture sector. ➤ December 2018: NER was awarded the International Innovation Awards 2018 in Macau, China, for mixture rubber processing innovation. |
| 2019 | <ul style="list-style-type: none"> ➤ May 2019: NER received a certificate of competence for testing laboratories according to ISO/IEC17025 to conduct testing and certify products for both domestic and international |



| Material change and key developments | |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Year | Details |
| | <p>customers in accordance with required technical standards, independent of any other certifying authorities.</p> <ul style="list-style-type: none"> ➤ June 2019: NER was awarded the national leadership award in rural development and poverty eradication. ➤ July 2019: NER began to recognize income from one additional product line, with total product capacity of 60,000 tons per year. ➤ NER was granted construction permit to expand its second STR20 production plant. When completed, the STR20 output will increase by 172,800 tons per year. ➤ NER was selected by the Thaipat Institute as one of 100 best ESG companies with outstanding performance in environmental, social and corporate governance (ESG) in the agribusiness sector. |
| 2020 | <ul style="list-style-type: none"> ➤ May 2020: NER obtained ISO 17025 certification for its testing and calibration laboratories. ➤ June 2020: Warrants of North East Rubber Public Company Limited No. 1 (NER-W1) consisting of 307,999,935 units commenced trading on the Stock Exchange of Thailand. ➤ July 2020: The total production capacity of our STR production plant No. 2 reached 465,600 tons/year. ➤ October 2020: NER issued and offered debentures No. 1/2020 with maturity in 2022, totaling THB 700.00 million in value. ➤ December 2020: NER issued new shares for increasing NER's paid-up share capital. <ul style="list-style-type: none"> - Existing capital: THB 770,000,000, divided into 1,540,000,000 ordinary shares. - Capital after the increase: THB 807,339,453, divided into 1,614,678,906 ordinary shares (from the exercise of NER-W1 warrants totaling 74,678,906 units). ➤ NER was selected, for the second consecutive year, by the Thaipat Institute as one of the 100 best ESG companies with outstanding performance in environmental, social and corporate governance (ESG) in the agribusiness sector. |
| 2021 | <ul style="list-style-type: none"> ➤ January 2021: 1 MW rooftop solar system was installed. ➤ March 2021: NE Power Company Limited, a company whose shares were 99.97% owned by NER, was established with the initial registered capital of THB 1 million to run the production and distribution of electricity from biogas, with NER holding 99.97% of NE Power Co., Ltd. shares. ➤ April 2021 NER issued and offered debentures No. 1/2021 with maturity in 2023, totaling THB 1.3 billion in value. |

Material change and key developments

| Year | Details |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <ul style="list-style-type: none"> ➤ June 2021: NER issued new shares for increasing NER paid-up share capital: <ul style="list-style-type: none"> - Existing capital: THB 807,339,453, divided into 1,614,678,906 ordinary shares - Capital after the increase: THB 822,655,473, divided into 1,645,310,946 (from the exercise of NER-W1 warrants 30,632,040 units). ➤ June 2021: NER obtained ISO 9001:2015 certification for its quality management system. ➤ June 2021: NER obtained ISO 14001:2015 certification for its environment management system. ➤ June 2021: NER obtained ISO 45001:2018 certification for its occupational health and safety management system. ➤ November 2021: NER issued and offered debenture No. 2/2021 Series 1 with maturity in 2025, Series 2 with maturity 2026 for which the issuer was entitled to redeem the debentures prior to the maturity date (Debentures Series 2), with the total value of THB 2 billion. ➤ December 2021: By issuing new shares, NER's share capital increased from THB 822,655,473, divided into 1,645,310,946 ordinary shares, to THB 880,317,528, divided into 1,760,635,056 ordinary shares (from the exercise of NER-W1 totaling 115,324,110 units). ➤ December 2021: NE Power Company Limited, a subsidiary whose shares were 99.99 percent owned by NER, registered its dissolution with the Department of Business Development, Ministry of Commerce. This is due to no transactions in the production and distribution of electricity from biogas. ➤ NER participated in the corporate governance report (CGR) of the Thai Institute of Directors Association (IOD), scoring “excellence” or “5-star” designation. ➤ NER was selected, for the third consecutive year, by the Thaipat Institute as one of the 100 best ESG companies with outstanding performance in environmental, social and corporate governance (ESG) in the agribusiness sector. |
| 2022 | <ul style="list-style-type: none"> ➤ May 2022: By issuing new shares, NER's share capital increased from THB 880,317,528, divided into 1,760,635,056 ordinary shares, to new capital of THB 923,894,874, divided into 1,847,789,748 ordinary shares (from the exercise of NER-W1 totaling 87,154,692 units). ➤ August 2022: NER received a certificate for standards for prevention and mitigation of drug problems in workplaces Aug. 2022–Aug. 2025 from the Department of Labor Protection and Welfare, Buriram Office. |



Material change and key developments

| Year | Details |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <ul style="list-style-type: none"> ➤ August 2022: NER received the CSR-DIW award 2022 in the Corporate Social Responsibility, Department of Industrial works to achieve sustainable development goals (CSR-DIW to achieve SDGs) 2022 scheme from the Department of Industrial Works. ➤ August 2022: NER received a certificate for participation in the Carbon Footprint for Organizations (CFO) 2021, organized by the Thailand Greenhouse Gas Management Organization (Public Organization) (TGO). ➤ September 2022: An additional rooftop solar system was installed to increase solar power capacity by another 2 MW, bringing total power output from rooftop solar systems at all factories to 3 MW. ➤ September 2022: NER issued and offered debentures no. 1/2022 series 1 with maturity in 2027, series 2 with maturity in 2027. The issuer reserves the right to redeem the debentures (series 2) prior to the maturity date, totaling in value THB 2,814.30 million. ➤ October 2022: NER was selected for inclusion in the list of sustainable stocks (THSI) for 2022 in the agricultural business and food industry sectors from the Stock Exchange of Thailand. ➤ October 2022: NER participated in the Corporate Governance Report (CGR) 2022 of the Thai Institute of Directors Association (IOD), scoring “excellent” or “5-star” designation for the second consecutive year. ➤ NER installed one additional rubber vulcanizing oven at the second STR20 production plant, thereby increasing output by another 50,000 tons/year. ➤ NER installed machinery for livestock bedding and began to recognize income from sales of finished products. |
| 2023 | <ul style="list-style-type: none"> ➤ April 2023: NER installed additional rooftop solar system to increase solar power capacity by another 2 MW, bringing total power output from rooftop solar systems at all factories to 5 MW. ➤ April 2023: NER developed a new line of innovative finished products for newborn pig farms and fattening pig farms under the Pig Comfort label. ➤ May 2023: NER received a bronze medal from the sustainability ranking by EcoVadis. ➤ July 2023: NER was selected, for the fifth consecutive year, by the Thaipat Institute as one of the 100 best ESG companies with outstanding performance in environmental, social and corporate governance (ESG) in the agribusiness sector. ➤ August 2023: NER received a certificate for participating in a workshop to develop economic mechanisms to determine the price of carbon for investment and trading in stage 3 of the efforts |



| Material change and key developments | |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Year | Details |
| | <p>to reduce greenhouse gas emissions provided by Creagy Company Limited, engaged as consultant by Greenhouse Gas Management Organization (Public Organization).</p> <ul style="list-style-type: none"> ➤ September 2023: NER received the CSR-DIW Award 2023 for industrial factories to participate in the CSR-DIW to achieve SDGs 2023 from the Department of Industrial Works. ➤ September 2023: NER received an award for business establishment that passed the annual corporate governance assessment criteria in 2023 from the Ministry of Industry. ➤ November 2023: NER participated in the Corporate Governance Report (CGR) 2022 of the Thai Institute of Directors Association (IOD), scoring “excellent” or “5-star” designation for the third consecutive year. ➤ November 2023: NER received the result of the annual sustainability assessment 2023 SET ESG Rating: A-rated in the agricultural business and food industry categories from the Stock Exchange of Thailand. |

1.1.3. Purposes for using proceeds from debentures

1. Use of proceeds from the issue of debentures

The date of maturity of NER debentures No. 1/2021 at value of THB 1.3 billion is 9 October 2023. As of 31/12/2023, there was no outstanding balance. The debentures were fully paid to the debenture holders on the due date.

The value of debentures outstanding as of 31/12/2023 totaled THB 4,814.30 million, with details on the use of the proceeds as follows.

On 4 November 2021, the debentures of North East Rubber Public Company Limited No. 2/2021 Series 1 due in 2025 were issued. The issuer reserved the right to redeem the debentures prior to the maturity date of the debentures (Series 1). The debentures of North East Rubber Public Company Limited No. 2/2021 Series 2 due in 2026 were issued. The issuer reserved the right to redeem the debentures prior to the maturity date of the debentures (Series 2). The total value of the debentures was THB 2 billion. The proceeds from the debentures were used for the following purposes.



| Purpose | Estimated amount spent | Approximate period | Details |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The proceeds were used as working capital to support expansion of NER's production capacity at the first and second production plants. | THB 2 billion | Between 2022 and 2023 | We used the proceeds as working capital to purchase raw materials and stocking up on our inventories of products, such as ribbed smoked sheets, STR20, mixture rubber blocks and mixture rubber sheets, to support the expansion of our production output at the first and second production plants. |

On 8 September 2022, debentures of North East Rubber Public Company Limited No. 1/2022 Series 1 with maturity in 2027 were offered. The issuer reserved the right to redeem the debentures prior to the maturity date. The debentures of North East Rubber Public Company Limited No. 1/2022 Series 2 with maturity in 2029 were offered. The issuer reserved the right to redeem the debentures prior to the maturity date. The total value of the debentures was THB 2,814.30 million. The proceeds from the debentures were used for the following purposes.

| Purpose | Estimated amount spent | Approximate period | Details |
|-----------------------------------------------|------------------------|-----------------------|--------------------------------------------------------------------------------------------------------------------------------|
| The proceeds would be used as working capital | THB 2,814.30 million | Between 2023 and 2027 | The proceeds from the debentures would be used as working capital to purchase raw materials and/or stocking up on inventories. |

If NER fails to raise sufficient funds for the stated purpose, NER has the option to take out a short-term credit line with a financial institution, and is in the process of requesting an increase in the line of credit with that financial institution.

The terms on rights shall be governed by and construed in accordance with the laws of Thailand.

1.1.4. Issuer

| | |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company name (Thai) | บริษัท นอร์ทอีส รับเบอร์ จำกัด (มหาชน) |
| Company name (English) | North East Rubber Public Company Limited |
| Company registration number | 0107561000242 |
| Security symbol | NER |
| Business description | Producing and distributing rubber products, including ribbed smoked sheets (RSS); standard Thai rubber 20 (STR20); and mixture rubber, for sale to manufacturers in the automotive industry and intermediaries, both domestic and international. |
| Head office address | No. 398 Moo 4, Khok Ma Sub-district, Prakhonchai District, Buriram 31140 |
| Branch/sales office address | <ul style="list-style-type: none"> - No. 398 Moo 4, Khok Ma Sub-district, Prakhonchai District, Buriram 31140 - No. 388/1 Moo 4, Khok Ma Sub-district, Prakhonchai District, Buriram 31140 - No. 158 Moo 3, Khok Ma Sub-district, Prakhonchai District, Buriram 31140 - No. 589/156 Central City Office Tower, Floor 28, Debaratana Road, Bangna Nuea Sub-district, Bangna District, Bangkok 10260 (sales office) - No. 254 Moo 4, Khok Ma Sub-district, Prakhonchai District, Buriram |
| Telephone (Head Office) | (66) 4466 6928 / (66) 4466 6929 |
| Fax (Head Office) | (66) 4466 6212 / (66) 4466 6213 |
| Website (URL) | www.nerubber.com |
| Registered capital | THB 1,004,733,945 |
| Issued and paid-up capital | THB 923,894,874 |
| Number of issued and paid-up ordinary shares | 1,847,789,748 shares |
| Par value per share | THB 0.50 |



1.2. Business description

North East Rubber Public Company Limited is engaged in the business of producing and distributing natural rubber products consisting of ribbed smoked sheets (RSS); standard Thai rubber (STR20); mixture rubber; finished rubber products; and livestock rubber mattresses. The Company is committed to product quality that inspires confidence of existing customers while striving to expand and tap into new customers in the domestic and international markets.



1.2.1. Revenue structure

The main products produced and distributed by NER include RSS; STR20; STR-mixtures rubber; RSS-mixtures rubber; and finished products, such as livestock rubber mattresses. The breakdown of the company's revenue is as follows.

| Revenue structure based on product category | | | | | | |
|---------------------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|
| Product | 2021 | | 2022 | | 2023 | |
| | THB Million | % | THB Million | % | THB Million | % |
| 1) Ribbed smoked sheets (RSS) | 5,379.34 | 22.00 | 3,666.12 | 14.55 | 3,576.93 | 14.28 |
| 2) Standard Thai Rubber Block (STR) | 11,013.79 | 45.03 | 11,689.99 | 46.38 | 13,283.22 | 53.01 |
| 3) STR-mixtures rubber | 4,293.23 | 17.55 | 6,093.06 | 24.18 | 5,135.20 | 20.49 |
| 4) RSS-Mixture | 3,739.30 | 15.29 | 3,720.12 | 14.76 | 3,045.47 | 12.15 |
| 5) Finished products (livestock mattresses) | - | - | 2.77 | 0.01 | 4.08 | 0.02 |
| Total sales revenue | 24,425.66 | 99.87 | 25,172.06 | 99.88 | 25,044.90 | 99.95 |
| Other revenue | 30.63 | 0.13 | 30.64 | 0.12 | 11.53 | 0.05 |
| Total revenue | 24,456.29 | 100.00 | 25,202.70 | 100.00 | 25,056.43 | 100.00 |

1.2.2. Products

(1) Description of products and services and innovation development

NER is a producer and distributor of four types of products.

- 1) Ribbed Smoked Sheets (RSS)
- 2) Standard Thai Rubber (STR)
- 3) Mixture Rubber

The foregoing products are produced under the NER brand for sale to manufacturers in the automotive industry and intermediaries, both domestic and international. These are primary processed rubber products that are raw materials for the production of a wide range of finished rubber products, especially the manufacture of automobile tires, one of the key industries of Thailand and the global economy.

- 4) Livestock Rubber Mattresses

These products are produced under the CattleFlex brand for the wellbeing of animals by reducing injuries, infections, and ensuring wounds heal quickly, lowering stress and boosting growth.

1. Ribbed Smoked Sheets (RSS)

Ribbed smoked sheets are primary natural rubber sheets passing through the drying process using heat and smoke derived from combustion at controlled temperatures. RSS can be classified into five grades, with RSS#1 being the top grade, to RSS#5, the lowest. Having passed through the grading, the sheets are then compressed into bales and coated with talc to protect against mold, moisture, and prevent them from sticking together in transit.

We mainly produce and distribute RSS#2; RSS#3; RSS#4; and RSS#5 packed in bales of 111.11±0.50 kg/bale, inclusive of talc, made up of RSSs of the same grade, measuring approximately 50x60x50 centimeters.

Ribbed smoked sheets can be graded according to quality and physical characteristics under the International Standard of Quality and Packing for Natural Rubber Grades (The Green Book) published by the National Bureau of Agricultural Commodity and Food Standards, Ministry of Agriculture and Agricultural Cooperatives as follows.

1. RSS#1 refers to dry rubber sheets with firm, translucent, clean, unblemished texture and consistent color. Blisters; bubbles; over-cured; over-smoked; charred; under-cured; weak; sticky; or mottled rubber sheets are not permissible.
2. RSS#2 refers to dry rubber sheets with firm, translucent, consistent texture with slight blemishes, and tiny bubbles. Over-cured; under-cured; weak; sticky; bleached; over-smoked; or burnt rubber sheets are not permissible.



3. RSS#3 refers to dry rubber sheets with firm texture, with traces of bark specks, slight blemishes, a little mottled, and tiny amount of bubbles. Over-cured; under-cured; weak; sticky; bleached; over-smoked; burnt; and blistered rubber sheets are not permissible.
4. RSS#4 refers to dry rubber sheets with mold or oxidized spots making up not more than 20% of the surface between the wrapper and the surface of sheet bales at the time delivery. The sheets must be dry and firm, with moderately black blemishes, darker in color, or slightly over-cured. Under-cured; bleached; sticky; burnt; or blistered rubber sheets are not permissible.
5. RSS#5 refers to dry rubber sheets with firm texture, with traces of slightly larger bark specks, slightly over-cured or slightly under-cured. Bleached; sticky; weak; over-smoked; or burnt rubber sheets are not permissible.

2. Standard Thai Rubber (STR)

Block rubber, or standard Thai rubber (STR), refers to product derived from fresh rubber latex or dry rubber, such as air-dried rubber sheets and cup lump rubber. This grading standard was developed by Malaysia, using grading criteria based on properties of rubber. This quality grading method differs from the grading of rubber sheets which is based on visual inspection, which is prone to irregularities and errors. For this reason, most in the rubber industry today have switched to block rubber as raw material for production. The quality of block rubber that passed the grading criteria based on technical analysis taking into consideration the amount of impurities along with other variables, such as ash content and its plasticity retention index (PRI) among others. At present, the production of block rubber in Thailand is in accordance with a technically specified rubber standard that refers to standard quality control certified by ISO. The production under the standard Thai rubber (STR) class has been widely recognized and accepted by operators in the rubber industry everywhere.

Block rubber products distributed by us include STR 20, which refers to a block of rubber with the amount of impurities not exceeding 0.16%; ash content not exceeding 0.80%; nitrogen content not exceeding 0.60%; volatile substances of not more than 0.80%; initial plasticity of not less than 30; and the plasticity index of not less than 40%, compressed into a block of approximately 330x670x180 millimeters, weighing 33.33 kilograms or 35.00 kilograms, according to required standards. In addition, NER is also capable of producing STR10, which is widely used as raw material for the manufacture of automobile tires; motorcycle tires; convey belts; and automotive flooring, etc.

NER block rubber products undergo rigorous testing prior to delivery to customers. At least two samples are taken from every sixth block of each batch of production, for quality testing against applicable STR standards in terms of rubber properties. The quality testing includes measurements of the following.

- 1) Dirt content: Amount of particles obtained by filtering with a sieve of 325 mesh or 44 microns. Such particles consist of dirt, bark specks, leaf fragments, etc., as the amount of dirt and impurities have significant impact on further processing and the quality of finished rubber products.



- 2) Ash content: Ash content is an indicator of the amount of minerals present in the rubber. These are inorganic salt: potassium phosphates; magnesium; calcium; and others. In addition, ash content may include silica, or silicates, in rubber as well as other external elements.
- 3) Nitrogen content: Nitrogen content in raw natural rubber is in the form of protein. Therefore, the nitrogen content is an indicator of the amount of protein in the rubber.
- 4) Volatile matter content (VM) refers to moisture in rubber. If the moisture content is high, rubber is susceptible to mold growth, develop unpleasant odors, and cause problems in further processing. In the production process of block rubber, there are steps of rolling; cutting; washing; rinsing; and cleaning. After which, rubber is cut into small pieces, bake-dried and packaged. Therefore, volatile matter content in block rubber is lower than in raw natural rubber.
- 5) The original Wallace plasticity (Po) and plasticity retention index (PRI): Po is the value used to estimate the molecular size of rubber. Rubber that has a high Po value indicates larger molecular size whereas highly oxidized rubber becomes soft and has a low Po value. PRI of raw natural rubber is measured after samples have been subjected to temperature at 140 degrees Celsius for 30 minutes, of even aging, indicating resistance to molecular breakdown of raw natural rubber at high temperature setting.
- 6) Color: Block rubber produced from rubber latex is graded according to classification standards by comparing the intensity of block rubber color against Lovibond color index. For example, if the intensity of the block rubber color is less than Lovibond No. 6, the block rubber is graded as STR5L. If the intensity of the block rubber color is greater than Lovibond No. 6, the block rubber is graded as STR5, etc.
- 7) Mooney viscosity: Viscosity is a physical property of rubber. The viscosity of rubber is relative to the rubber molecular weight. Higher molecular weight indicates higher viscosity.

Licensed producers of “STR” block rubber are required to issue an STR standard certificate prior to production of STR block rubber. The producers must deliver block rubber samples for testing according to STR block rubber standards. The STR standard certificate may be obtained from testing laboratory of the Rubber Research Institute, Department of Agriculture or a private block rubber testing lab licensed for STR block rubber testing by the Department of Agriculture. However, NER has an in-house testing laboratory licensed by the Rubber Division, Department of Agriculture, Ministry of Agriculture and Agricultural Cooperatives. Having passed testing and been certified to meet the STR standard, licensed producers may then wrap the products in plastic packaging affixed with the **CZ** code according to product color as specified by the Thai rubber standards.

3. Mixture rubber

Mixture rubber, or compound rubber, is a natural rubber product that is mixed with synthetic rubber and/or chemicals according to specific formula at a temperature setting of 120 degrees Celsius, to be used as raw materials for the manufacture of finished products. Mixture rubber can be molded into various rubber products, such as tires; bridge bearing; rubber hoses; rubber bands, etc. NER currently produces two types of mixture rubber:



- 1) mixture rubber made from rubber sheets, known as RSS mixture rubber.
- 2) mixture rubber made from block rubber, known as STR mixture rubber.

4. Livestock Rubber Mattresses

RubberFlex livestock rubber mattresses were invented and developed by NER in collaboration with the Rubber Research and Development Institute, Prince of Songkla University. Made from natural rubber raw materials, the product passed physical properties tests of MTEC; NSTDA; and PAHs tests of SGS and received TIS product standard certification for humane treatment and quality of life for animals. This product reduces injuries, infections, and helps wounds heal faster, increasing milk supply, lowering stress and boosting growth.

(2) Marketing and competition

(a) Marketing of products and services

Marketing policy

NER has a policy to produce quality products that meet high standards and customer requirements. The Company undertakes to check product quality at every step in the production process prior to delivering them. Emphasis was placed on the maintenance of machinery in the production process; investment in machinery; and development of new finished products to ensure customer satisfaction, which is one of the Company's key performance indicators. Customer satisfaction and feedback are taken into consideration to further develop and constantly improve our product and service quality.

The sales and marketing teams receive customer feedback, suggestions as well as complaints, and consult with all relevant departments. In the case of complaints, the Company will give a reply to the customer informing them of the cause of customer dissatisfaction and offer solutions to the problem within two business days of receipt of the complaint. This is to ensure prompt response and maximum customer satisfaction.

- **Natural rubber products**

Marketing strategy

1. Product strategy

We established a production plant in the North Eastern region, a major rubber plant growing area, enabling us to ensure steady supply and control raw material cost. The Northeast, with a rubber plant growing area of about 6 million rai, has a suitable climate and environmental conditions for growing rubber trees yielding high quality and clean latex. We prioritize the production of quality products that meet high standards, using advanced machinery guided by optimal production plan. In 2022, our combined production capacity of RSS, STR and mixture rubber reached 465,600 tons per year. This enabled us to meet the demand in terms of quantity and quality of customers in the automotive industry, both domestic and international, as planned. In 2023, the total production capacity was raised to 515,600 tons per year to accommodate a marked increase in purchasing orders from existing and new customers.



We have obtained national and international standard certifications: ISO 9001:2015 - quality management system; ISO 14001:2015 - environmental management system at the manufacturing plant; ISO 45001:2018 - occupational health and safety management system; as well as ISO/IEC 17025:2017 - certificate of testing laboratory accreditation. We also comply with regulatory requirements and conditions for laboratory accreditation of the Office of Laboratory Administration and Accreditation, Department of Science Services. The laboratory is also licensed by the Department of Agriculture to conduct quality testing on natural rubber prior to distribution under Standard Thai Rubber Certificate No. L64STR20000036780 - Certification Trade Mark STR 20 CZ, according to the Rubber Control Act 1999, and regulations of the Department of Agriculture re: criteria for granting permission to operate STR rubber laboratory 1999.

In 2023, NER obtained additional international standard certifications: ISO 9001:2015 - quality management system; ISO 14001:2015 - environmental management system at the manufacturing plant; and ISO 45001:2018 - occupational health and safety management system that also covers finished products.

In addition, NER obtained EcoVadis certification for its sustainability management system, which is a testament to our commitment to corporate social responsibility (CSR). We also received a CSR-DIW Award 2023 for the second consecutive year for industrial works to participate in the CSR-DIW to achieve SDGs from the Department of Industrial Works. Given the quality of our products and world-class standard certifications, we have inspired the trust and loyalty of customers over the years.

As for the upgrade of our production process, a zero waste production process has been implemented. Waste, including scraps of rubber that did not meet specified properties are recycled and reused, waste water treated. This enables us to reduce the amount of waste and to better control production cost.

2. Sales strategy

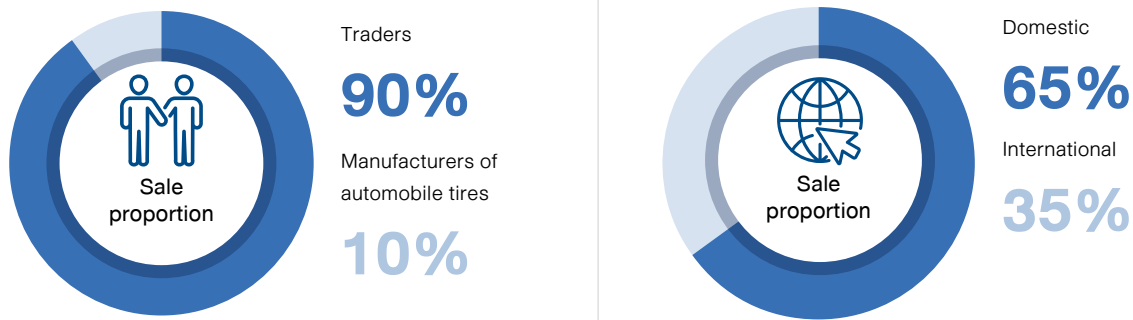
For natural rubber products, we implement a matching order strategy to match purchasing orders from customers to the company's purchase orders of raw materials from suppliers at any given time. This is to minimize risks associated with natural rubber price volatility. The marketing department sets product prices based on raw material costs, production cost and apply cost-plus margin while taking into consideration price movements of rubber futures market at the Singapore Commodity Exchange (SICOM) together with Shanghai Futures Exchange (SHFE) to input for the determination of final selling prices to customers.

On types of sales contracts, we engage in two types of contracts i.e., long-term contracts made on a yearly basis with scheduled monthly deliveries as agreed upon and spot contracts.

Distribution channels and target customers

Distribution are divided into two channels: ex-factory and CIF. In 2023, the proportion of our sales through traders and manufacturers of automobile tires was 90% and 10%, respectively. The proportion of domestic and international sales was 65% and 35%, respectively.





The main customers are China; Singapore; Japan; India; and Bangladesh. In 2024, we aim to expand our customer base by adding at least one of the world's top 10 automobile tire manufacturers to our customer list, as well as to diversify our Asian customer list by adding five new customers.

Customer engagement and responsibility towards customers

We are committed to production of quality products which are delivered to customers on time. We seek to build good working relationships and ensure maximum customer satisfaction as part of the effort to establish sustainable customer base. Our customer engagement approach is detailed in Section 3: Sustainable Business Development.

- **Finished products**

Marketing strategy

1. Product strategy

Capitalizing on our extensive experience and focusing on constant product quality development, NER, in collaboration with the Rubber Innovation Research and Development Institute of Prince of Songkla University, has invented formulas for producing high quality rubber products that meet high industrial standards. We have also continually invested in research and development to further improve product quality, using advanced machinery. We have also introduced automated production processes encompassing a wide variety of products as well as to design products that meet the specific requirements of different types of dairy and cattle farms. The manufacture of livestock rubber mattresses under the brand "cattleFlex" is a notable example of successful product development.

In 2023, NER seized the opportunity to expand the product line to other industries, such as pig farms, animal hospitals, and rubber flooring sheets. We embarked on rebranding and introducing new brands, RubberFlex and Pig Comfort, along with launching new lines of products accordingly. Pig Comfort provides solutions for newborn pig farms and fattening pig farms. We also signed an MOU on Stage 3 of innovation development with the Prince of Songkhla University under the policy to drive the BCG economic model by tapping into innovation for sustainability.



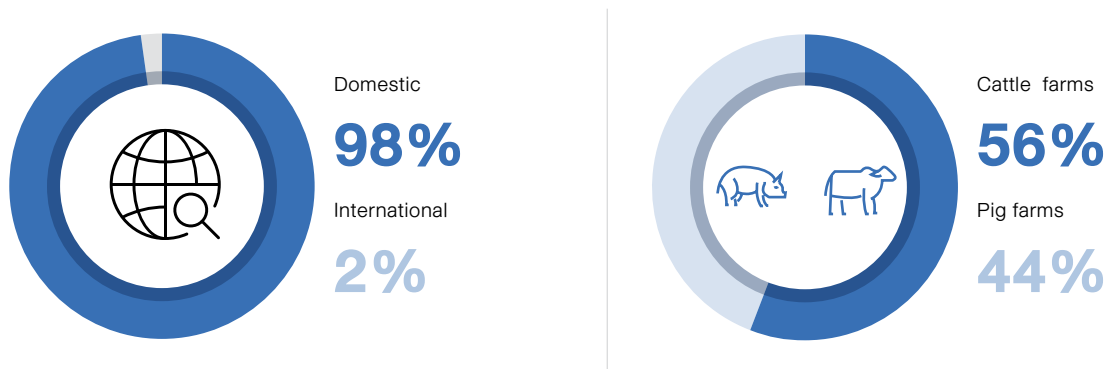
Livestock mattress products under the brand "RubberFlex" manufactured and distributed by NER are categorized according to the specific requirements of the target customers into five series as follows:

| Feature | cattleFlex Pro | cattleFlex Move | cattleFlex Calf | cattleFlex Tuf | cattleFlex Winner |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Dimensions (width x length) | 120 x 180 cm. | 120 x 180 cm. | 30 x 120 cm. | 40 x 120 cm. | 120 x 120 cm. |
| Thickness | 1.70 cm. | 1.80 cm. | 1.30 cm. | 0.75 cm. | 0.75 cm. |
| Weight | 50 kg | 55.5 kg | 4 kg | 6 kg | 18 kg |
| Material | natural rubber 100% | natural rubber 100% | natural rubber 100% | natural rubber 100% | natural rubber 100% |
| Highlights | Premium series is suitable for the sleeping stalls of dairy cows, beef cattle, and horses, and helps prevent pressure sores. | Suitable for walkways, areas for cows waiting to be milked, and semen collecting areas. Helps reduce shock, shear force, and injuries when cows stand up and move about. | Helps protect calves, reduces the incidence of umbilical cord inflammation. | For newborn piglets, helps increase warmth, and reduces the death crushed by sows. | For fattening pigs in nursery pens, helps increase warmth. For pig breeders, this product helps reduce stress during semen collection. |

2. Sales strategy

NER attaches importance to all target customers in the livestock sector, striving to add value to products and services to meet customer demand and ensure, both in terms of product quality and useful product features.

The proportion of sales for "RubberFlex" products was set according to demand in the market during the marketing testing period. In 2023, the shares of sales in the domestic and international markets were 98% and 2%, respectively, and the shares of sales to pig farms and cattle farms were 44% and 56%, respectively.



In 2024, we set a target to expand to customer groups in Japan and Vietnam, estimating at 5-10% of total sales.

Distribution channels and target customers

We distribute livestock mattress products mainly through distributors which sell directly to farm operators, in the international and domestic markets according to target customer groups of RubberFlex. We have selected domestic and international distributors based on their knowledge and skills in the livestock sector as well as inventory management and ability to sell through multiple channels and good relationships with farmers in their respective areas.

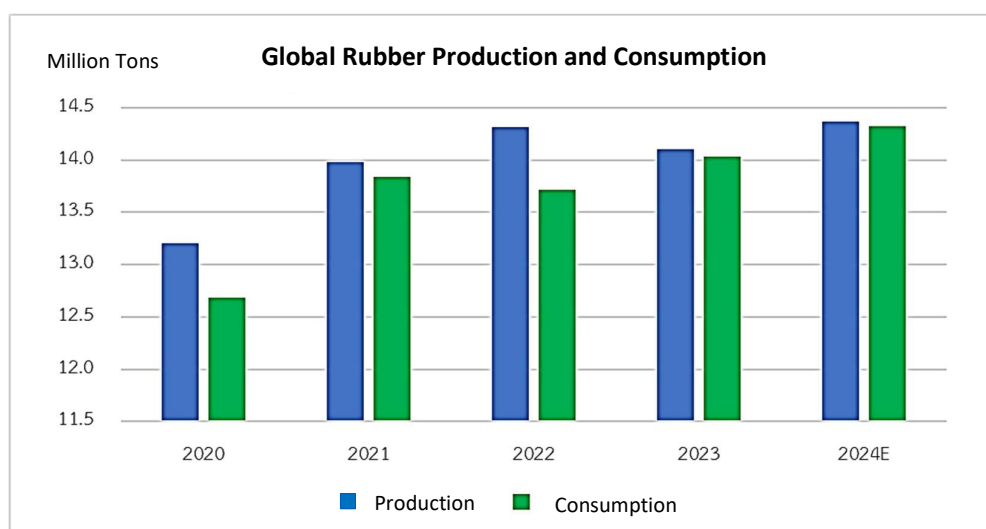
We also prioritize both pre- and after-sale services, operated by highly-skilled teams with expertise in installing livestock mattress with close attention to detail to provide best care and promote health and safety for farm animals. The durability of our cattleFlex livestock mattress products are also emphasized, especially cost-saving to farm operators over the long term.



(b) Competition

- Natural rubber products

The Thai rubber industry's supply chain consists of three industry segments: upstream rubber industry, intermediate rubber industry, and downstream rubber industry. Most of Thailand's intermediate rubber industry's output is exported to manufacturers in the downstream rubber industry segment in other countries. Thai natural rubber producers are export-oriented, which exposes them to the volatility of global economic situations and downstream rubber industry outlook in export markets. Due to low product differentiation, the Thai midstream rubber industry faces intense competition in the world market. In 2023, the total global natural rubber output reached 14.1 million tons.



Source: The GlobalData Automotive Intelligence Centre, Rubber Bulletin, 2023

Production and consumption in 2023

| Production | | Consumption | |
|---------------|-------|-------------|-------|
| Thailand | 36.0% | China | 44.9% |
| Indonesia | 14.2% | India | 9.8% |
| Vietnam | 11.4% | Thailand | 7.1% |
| Côte d'Ivoire | 11.0% | USA | 6.4% |
| India | 6.0% | Japan | 4.8% |
| China | 5.3% | Indonesia | 2.9% |
| Malaysia | 2.4% | Malaysia | 2.5% |

In 2023, Thailand produced 36% of the world output. This made Thailand the world's leading natural rubber producing country, followed by Indonesia, Vietnam, Côte d'Ivoire. The production reflects that Asia is a major global rubber producer (accounting for more than 80% of global rubber production). Thailand's main competitors are other ASEAN countries, especially Indonesia, Malaysia and CLMV.

Source: Krungsri Research (Business Outlook / Processed Rubber Industry 2023-2025)



Overview of Thailand's rubber industry in 2023

Production

In 2023, Thailand's rubber plantation area totaled 24.47 million rai (source: Bureau of Agricultural Economics, 2021). A breakdown by region shows the Southern Region accounted for 14.16 million rai; the Northeastern Region 6.23 million rai; the Central Region 2.51 million rai; and the Northern Region 1.54 million rai. The country's total output reached 4.89 million tons, with average yield of 223 kilograms per rai per year.

According to the 2024 Situation Report on Key Developments and Trends in Agriculture published by the Bureau of Agricultural Economic Research, Office of Agricultural Economics, during the past five years, Thailand's rubber growing area increased from 20.46 million rai in 2019 to 22.08 million rai in 2023, or an increase of 1.56% per year. However, production output decreased from 4.84 million tons of raw, unprocessed rubber in 2019 to 4.71 million tons of raw, unprocessed rubber in 2023. Notwithstanding that the total rubber planting area has increased and that rubber trees planted in recent years have become matured ready for tapping, the yield per rai decreased from 237 kilograms per rai (raw rubber) in 2019 to 213 kilograms per rai (raw rubber) in 2023. The reason for the fall in yield per rai can be attributed to the outbreak of disease known as rubber plant leaf fall in the South and the El Nino phenomenon causing climatic irregularity; extreme heat; altered rainfall patterns; and drought. All these impacted latex quality and yields as farmers delayed tapping, so harvested less, leading to lower yields per rai.

Rubber production in Thailand 2021-2023

| Year | Rubber plantation area (actively being tapped) (million rai) | Production output (million tons) | Annual yield of plantation area (actively being tapped) (kilogram/rai) |
|------|--------------------------------------------------------------------|-------------------------------------|------------------------------------------------------------------------------|
| 2021 | 21.97 | 4.89 | 223 |
| 2022 | 22.02 | 4.79 | 217 |
| 2023 | 22.08 | 4.71 | 213 |

Source: Office of Agricultural Economics

The prevailing trends in the global natural rubber production point to environmental stewardship and sustainability. Natural rubber production and products must be from certified lawful rubber plantation areas that do not encroach on or cause destruction of forest areas. Traceability of natural rubber products from the upstream to intermediate to downstream industries. Efforts must be made to mitigate environmental impact throughout the natural rubber supply chain in a transition towards meeting the forest management certification (FM). Further development in the production process is also required to ensure product quality meets standards and to ensure sustainable livelihood and safety in the use of chemicals by rubber planters.



The European Union's Deforestation-free Products Regulation (EUDR) has come into effect. The Rubber Authority of Thailand (RAOT) has taken steps to register farmers, establish natural rubber plantation area land title database to ensure traceability of origins of natural rubber products as well as to make preparations for rubber planters to be certified for GAP FSC PEFC and develop carbon credit scheme for rubber plantation areas.

Demand for natural rubber

Demand for natural rubber by category

According to the 2024 Situation Report on Key Developments and Trends in Agriculture published by the Bureau of Agricultural Economic Research, Office of Agricultural Economics, during the past five years, Thailand's demand for natural rubber increased from 663,084 tons in 2019, to 1,247,454 tons in 2023, or an increase of 20.26% per year, especially mixture rubber due to sharp rise in demand from the automobile tire industry; manufacturers of rubber gloves and related industry items that use natural rubber as raw materials. The breakdown of demand for natural rubber by product category is as follows.

Ribbed smoked sheets: Domestic demand for RSS has grown dramatically from 47,686 tons in 2019 to 150,900 tons in 2023. Overall, the consumption of RSS increased by 30.61% per year due to the expansion of the automobile tire industry and related automotive manufacturing segment.

Block rubber: Domestic consumption of block rubber has continued to increase from 223,602 tons in 2019 to 467,032 tons in 2023. Overall, the consumption of block rubber has risen by 22.12% per year due to the sharp rise in consumption by the automobile tire industry and automotive parts segment.

Concentrated latex: Domestic consumption has decreased from 357,181 tons in 2019 to 221,919 tons in 2022. This is because Thailand's concentrated latex is mainly for export markets during 2020-2022 at the height of the COVID-19 pandemic and its aftermath. Demand for concentrated latex was fueled by a sharp rise in demand for the manufacture of surgical gloves worldwide. Thailand, being one of the world's major rubber exporters, exported more concentrated latex, resulting in less consumption of this product domestically. But it was estimated that in 2023, domestic consumption of concentrated latex would reach 266,303 tons.

Mixture rubber: Domestic consumption has continued to rise from 4,166 tons in 2019 to 253,374 tons in 2023. Overall, the consumption of mixture rubber has increased by 194.42% per year due skyrocketing demand from the automotive industry. In addition, mixture rubber has also been more widely used in the manufacture of consumer and houseware products. As a result, the demand for mixture rubber is expected to grow.



Demand for natural rubber by industry segment

According to the *2024 Situation Report on Key Developments and Trends in Agriculture*, published by the Bureau of Agricultural Economic Research, Office of Agricultural Economics, after the COVID-19 pandemic has subsided, downstream industries have ramped up consumption as they boosted production output. In the past five years, domestic demand for natural rubber by industry segment has increased from 663,084 tons per year in 2019, to 1,247,454 tons per year in 2023, or an increase of 20.26% per year as shown below.

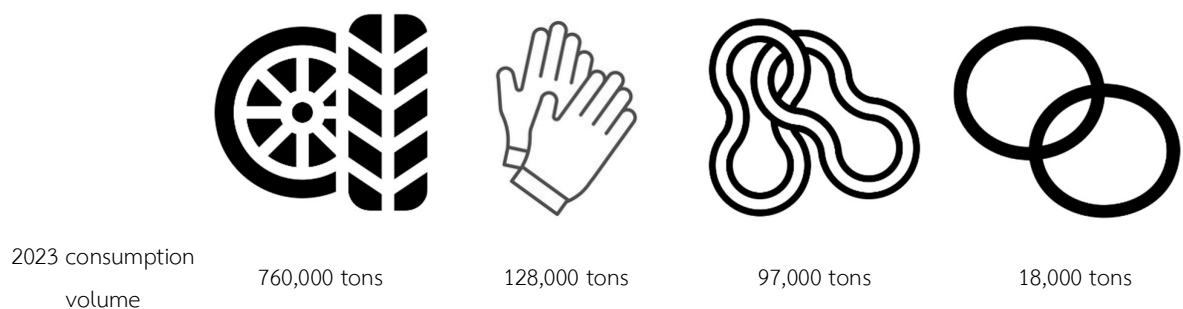
Automobile tire industry. This industry segment has been the biggest consumer of natural rubber, and its consumption rose from 413,019 tons in 2019 to 758,180 tons in 2023, or an increase of 21.49% per year due to expansion of the automotive industry and automotive parts segment.

Surgical glove manufacturing segment. The domestic consumption of natural rubber by this industry segment increased from 64,378 tons in 2019, to 127,640 tons in 2023, or an increase of 18.69% per year, due to a sharp rise in demand for medical consumables as the country remains vigilant in combating seasonal communicable diseases, and due to the aging population and promotion of public hygiene.

Elastic industry segment. This industry segment's consumption of natural rubber has decreased from 111,471 tons in 2019, to 96,764 tons per year in 2022, but increased to 116,117 tons in 2023, or an overall decrease by 0.87% per year due to the COVID-19 pandemic that had dampened demand but growth in demand is expected to rise steadily in the foreseeable future.

Rubber band manufacturing segment. The manufacturing segment's consumption of rubber has increased from 8,605 tons in 2019, to 17,770 tons in 2023, or an increase of 32.58% per year, because rubber bands are a consumable widely used in huge quantities in daily life. The increasing domestic demand for rubber bands can be attributed to increased economic activities, including proliferation of food and beverage businesses; people returning to work in offices; etc.

Other industry segments. Consumption of rubber has increased from 65,611 tons in 2019, to 227,747 tons in 2023, or an increase of 39.15% per year.



Source: Office of Agricultural Economics

Exports

Over the past five years, Thailand's total rubber exports have increased by 2.75% each year. This is due to a steady rise in demand from downstream industries despite the fact that COVID-19 caused disruptions in rubber consumption to a certain extent. The Customs Department statistics show that block rubber and mixture rubber grew by 2.43% and 10.08% each year, respectively, while exports of ribbed smoked sheets and concentrated latex decreased. Thailand's main export markets include:

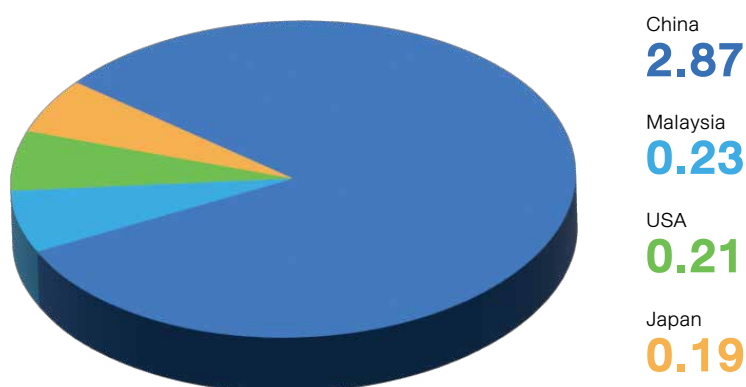
China – the biggest importer of natural rubber from Thailand. In 2019, China imported 2.31 million tons. By 2023, the country's rubber imports reached 2.87 million tons, or an increase of 4.66% each year due to the sustained growth of the automotive industry.

Malaysia – Thailand's second biggest importer of natural rubber. Malaysia's rubber imports from Thailand fell from 0.40 million tons in 2019 to 0.23 million tons in 2023, or a decrease of 12.14% each year. This coincided with the end of the COVID-19 pandemic when demand for rubber products for the manufacture of surgical gloves and other medical consumables dropped steeply, leading to a marked decrease in imports.

The United States – the third biggest importer of natural rubber from Thailand. Thailand's exports to the US increased from 0.23 million tons in 2019 to 0.27 million tons in 2022 and dropped to 0.21 million tons in 2023. This represents an overall increase of 2.85% each year over that period. The sustained growth was recorded due to a rise in demand despite the economic slump amid the COVID pandemic and the enactment of legislation prohibiting the use of rubber gloves in the food service industry and healthcare industry in some US states.

Japan – the fourth largest importer of natural rubber from Thailand. Thailand's exports to Japan decreased from 0.20 million tons in 2019 to 0.15 million tons in 2020, and increased to 0.19 million tons in 2023. This represents an overall increase of 3.30% each year due to the continued growth of Japan's automotive industry.

Overview of Thailand's rubber exports to key trading partner countries in 2023 (unit: million tons)



Source: Office of Agricultural Economics

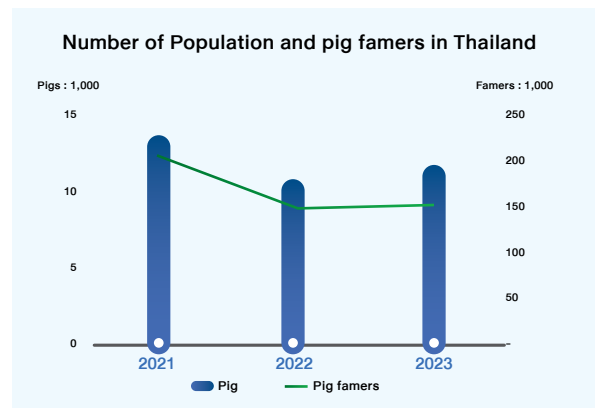
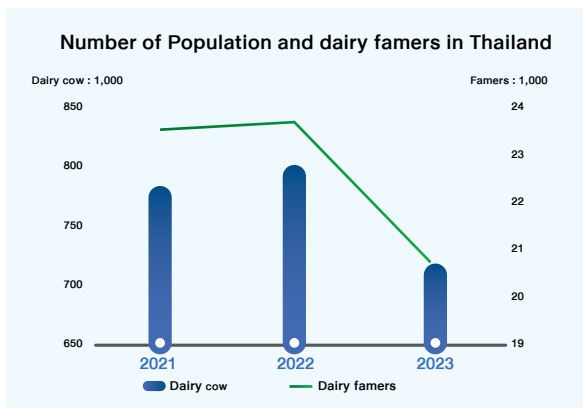


- **Finished products**

Demand for rubber cow mattress products in domestic and international markets continued to grow, as the dairy industry kept expanding. These products can be modified for pig breeding farms and other livestock farms. Through research and development, the Company has also introduced rubber floor mats for livestock pens.

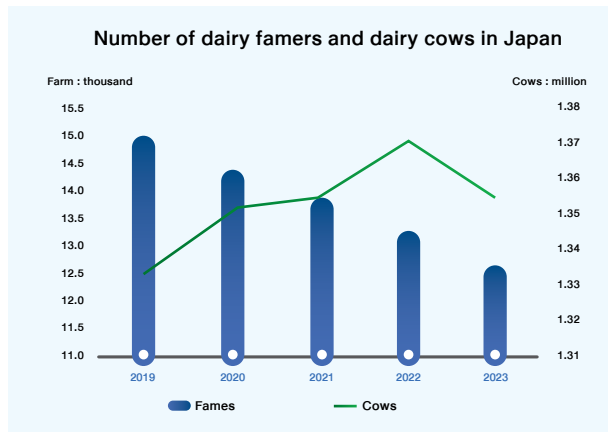
As for the dairy farming business in the country in 2023, dairy farmers were adversely affected by low raw milk prices and high production costs. Many dairy farmers went out of business as they could no longer afford rising livestock feed prices. The problem was further complicated by a labour shortage. However, major dairy farm operators recognize the effectiveness of rubber livestock mattress products in raising milk production output by about 10 to 15%. The Department of Livestock Development has taken the initiative to relieve the raw milk shortage by distributing grass seeds to help dairy farmers save on feed, as well as developing nutrient-dense dry feed formulas at lower cost than concentrated feed. The department, in collaboration with pasteurized milk producers, also implemented projects to help farmers increase milk production as well as promote dairy farming.

In response to the lower number of dairy cows, the Company shifted its marketing and sales strategy towards promoting floor mats for pig pens. In 2023, the population of pigs and pig farmers grew by 7.8% from 2022. This, coupled with the crackdown on pork from illicit sources in the domestic market, contributed to rising live pig prices, as pig farm operators and smallholder farmers had the purchasing power and showed interest in floor mats for pig pens to promote pig health, facilitate daily cleaning, and reduce mortality and infection in pig farms, while facilitating the collection of semen from boars.



Source: Department of Livestock Development, Ministry of Agriculture and Cooperatives (Farmer information/livestock)

Following careful planning, the Company launched campaigns to promote finished products through online channels in 2022 and 2023. Since then, the Company has received enquiries from many prospective customers in domestic and international markets who want to find out more about these products. The Company sold the first batches of floor mats for livestock pens under the cattleFlex Calf series to livestock farm operators in Japan, to test the market and collect crucial data for further development of products customized for calves. These products are still novelty items and have not been available or used in Japan before. The products have the potential to replace the use of straw and rice husk as bedding for calves.



Source: Data from MAFF Livestock Statistics

In 2023, the Company was selected as one of the suppliers for the largest dairy farm in Vietnam and Southeast Asia. The Company has set a target to begin selling finished products to this dairy farm in 2024.

(3) Procurement

Procurement of raw materials

The Company has established a responsible procurement policy with a commitment to conducting our business with transparency, fairness, and accountability to all stakeholders. In addition, the Company seeks to ensure that business transactions between the companies and suppliers are in compliance with relevant regulations, providing a framework that promotes sustainability throughout the supply chain. In determining the prices for daily procurement of raw materials, the Company refers to futures markets such as the Singapore Commodity Exchange (SICOM) and domestic markets including Hat Yai Central Market. The person with the authority to determine purchase prices takes into consideration the rubber price forecast together with prices at the Hat Yai Central Market as references in fixing the purchase prices. Each day, the procurement department announces purchase prices at 11:00 a.m. through the Line application and the Company's website.

The main raw materials for the production of the Company's products are rubber cup lumps, crepe rubber, raw rubber sheets, smoked rubber sheets, semi-finished block rubber, and compressed rubber cuttings. In 2012, this accounted for 100 % of the purchase value of raw materials. Most of the raw materials purchased were products from the Northeast, accounting for approximately 98%, while 1% was from the South and another 1% from other regions. Rubber from the Northeast is cleaner than rubber from the South because the government has promoted technical know-how, enabling farmers to have good knowledge and skills in processing and production. This results in natural rubber products of relatively high quality with low impurities.

The Company's procurement of raw materials from three types of suppliers:

1. Smallholder rubber farmers who deliver raw materials for sale at the factory at prices determined by the Company, referencing the median prices of the Central Rubber Market Office, Hat Yai District, and the Rubber Research Institute of Thailand. In 2023, the Company purchased 3% of the raw materials in terms of value from smallholder farmers.



2. Intermediaries. This refers to procurement of raw materials from major suppliers under contracts. Purchasing from major suppliers allows the Company to buy much larger quantities of natural rubber compared to what the smallholder farmers can offer. However, the purchase prices are still referenced to the daily at-factory prices for smallholder farmers. Under certain circumstances, the company may offer higher prices if the suppliers are able to provide large volumes. In 2023, the Company purchased up to 92% of the total raw material procurement in terms of value from intermediaries.
3. Auction from rubber farmer cooperatives. This refers to the purchase of raw materials through auction from rubber farmer cooperatives such as the Khaen Dong Cooperative, Buriram Province, the Office of the Buriram Provincial Rubber Replanting Aid Fund, and the Office of the Surin Provincial Rubber Replanting Aid Fund, based on quantities and median prices determined by these suppliers. In 2023, the Company purchased 5% of the total raw material procurement through cooperative auctions.

Raw materials purchased from smallholder farmers and intermediaries are fed into the processing plants directly. As for procurement through cooperative auctions, after the Company wins an auction bid for raw materials, the auctioneer will draw up a rubber purchase and sale agreement after having confirmed the quantities and prices. The Company then dispatches trucks to take delivery from the auctioneer, where the natural rubber is weighed before loading onto the trucks, which haul the raw materials to the Company's processing plants. However, payment conditions may be different. The Company may either make payment before loading natural rubber onto trucks, or after it has taken delivery of the natural rubber at the Company's processing plants. Payment conditions for each type of supplier are as follows:

- Smallholder farmers who sell natural rubber at the factory – the Company pays by transferring money through the banking system one business day after taking delivery.

- Intermediaries – the Company pays by transferring money through the banking system. Payment period: three days after taking delivery of the quantities under contract.

- Cooperative auctions, Central Rubber Market, the Rubber Authority of Thailand, or rubber farmer cooperatives – payment terms will be as agreed upon in individual rubber auction agreements.

The Company will not purchase more than 30 % of the total raw material purchases from any single supplier. The Company has the option to purchase from multiple suppliers under three different types of supplier. This enables the Company to purchase the highest quality raw materials from each of the suppliers. The Company can always refuse to purchase raw materials from one supplier that offers raw materials that are not up to specified quality, and can purchase from others that meet the requirements.



Breakdown of raw material procurement for the Company's 2021 - 2023 production years:

| Raw material purchase value | 2021 | | 2022 | | 2023 | |
|-----------------------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | THB Million | % | THB Million | % | THB Million | % |
| Crepe rubber/cup lump | 13,946.13 | 56.30 | 15,076.65 | 67.73 | 15,994.94 | 68.00 |
| Raw rubber sheets | 2,761.30 | 11.15 | 534.94 | 2.40 | 1,735.64 | 7.38 |
| Smoked rubber sheets | 3,805.65 | 15.36 | 5,705.61 | 25.63 | 3,507.70 | 14.91 |
| Block rubber | 664.67 | 2.68 | 635.39 | 2.85 | 2,009.61 | 8.54 |
| Compressed rubber cuttings | 3,267.11 | 13.19 | - | - | - | - |
| Other raw materials | 325.95 | 1.32 | 306.88 | 1.38 | 272.84 | 1.16 |
| Total | 24,770.81 | 100.00 | 22,259.47 | 100.00 | 23,520.73 | 100.00 |

Note: Other raw materials refers to acids and various solutions, packaging, liquefied petroleum gas, and diesel fuel, among other things.

Production capacity and capacity utilization

The Company has a total of three production plants, comprising one production plant for ribbed smoked sheets, and two production plants for block rubber and mixture rubber, in the same industrial complex. The production plant for ribbed smoked sheets consists of four departments: washer, smoke house, sorting, and compression. The production of block rubber and mixture rubber consists of two departments: machinery and oven. The ribbed smoked sheet production plant operates one shift of eight hours per day: from 8:00 a.m. to 5:00 p.m. The production plants for block rubber and mixture rubber operate three shifts per day from 6:00 a.m. to 2:00 p.m.; 2:00 p.m. to 10:00 p.m.; and 10:00 p.m. to 6:00 a.m., operating 24 hours a day.

Breakdown of production capacity by product type in 2023. The Company had total production capacity of 515,600 tons per year.

| Production capacity by product type | | | | |
|-------------------------------------------------------------|-----------|---------|---------|---------------------|
| Type | Unit | 2021 | 2022 | 2023 |
| <u>Ribbed smoked sheets (RSS)¹</u> | | | | |
| Capacity | tons/year | 60,000 | 60,000 | 60,000 |
| Actual production volume (Utilization) | tons/year | 54,142 | 59,696 | 66,194 |
| Capacity utilization rate (percent) | % | 90.24 | 99.49 | 110.32 ² |
| <u>STR and STR mixture rubber³</u> | | | | |
| Capacity | tons/year | 345,600 | 345,600 | 395,600 |
| STR – actual production volume (utilization) | tons/year | 199,077 | 203,673 | 233,594 |
| STR-mixture rubber – actual production volume (Utilization) | tons/year | 82,823 | 104,981 | 114,017 |
| Total two products: STR and STR-mixture rubber ⁴ | % | 81.57 | 89.31 | 87.87 |
| Capacity utilization rate (percent) | | | | |



| Production capacity by product type | | | | |
|-----------------------------------------|-----------|---------|---------|---------|
| Type | Unit | 2021 | 2022 | 2023 |
| <u>RSS-mixture rubber</u> | | | | |
| Capacity | tons/year | 60,000 | 60,000 | 60,000 |
| Actual production volume (Utilization) | tons/year | 57,748 | 58,621 | 53,501 |
| Capacity utilization rate (percent) | % | 96.25 | 97.70 | 89.17 |
| <u>Natural rubber products included</u> | | | | |
| Capacity | tons/year | 465,600 | 465,600 | 515,600 |
| Utilization | tons/year | 393,790 | 427,244 | 467,306 |
| Capacity utilization rate (percent) | % | 84.58 | 91.76 | 90.63 |

Notes:

^{/1} Formula for calculating the production capacity of ribbed smoked sheets:

$$\begin{aligned} \text{Production capacity of ribbed smoked sheets} &= [(\text{rubber weight/compartments}) \times (\text{number of compartments/smoke chambers})] \times \text{number of} \\ &\quad \text{smoke chambers} \times [\text{number of working days per year/smoke period}(\text{day})] \\ &= \text{rubber weight/smoke chamber} \times \text{number of smoke chambers} \times [\text{number of working days} \\ &\quad \text{per year/smoke period}(\text{day})] \end{aligned}$$

^{/2} The capacity utilization rate exceeded 100% because the Company purchased ready-made smoked rubber sheets that were then compressed into block rubber, bypassing some steps in the production process, resulting in the actual output exceeding the production capacity.

^{/3} Formula for calculating the production capacity of STR and STR-mixture rubber based on the number of working days per year x tons per hour x number of working hours

^{/4} STR and STR-mixture rubber are in the same production line

Product standards

Product standards to which the Company refers in the production of products to meet specified quality. The Company seeks compliance with two standard types: the standard of the Rubber Research Institute, the Department of Agriculture; and standards according to customer requirements.

The Company also complies with agricultural product standard MKS 5906-2556, Good Manufacturing Practices for Ribbed Smoked Sheet, of the National Bureau of Agricultural Commodity and Food Standards, the Ministry of Agriculture and Cooperatives. This is an agricultural product standard that covers good practice requirements for the production of ribbed smoked sheets. In the process of receiving raw materials into the ribbed smoked sheet production process, to shipping them for distribution, the aim is to produce quality ribbed smoked sheets, taking into consideration the welfare of workers and the environment. The block rubber produced by the Company is in accordance with the Standard Thai Rubber specifications of the Rubber Institute, the Department of Agriculture, the Ministry of Agriculture and Cooperatives. The STR handbook also covers testing of block rubber. The Company has received quality standard certifications from various institutions as follows:





Cert No. 60Q18751

Quality Management System: ISO9001:2015 for ribbed smoked sheets (RSS), standard Thai rubber (STR), mixture rubber, rubber mat, and other rubber products.

| | |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Certified by | GCL International, an accreditation institution that has passed the assessment and is certified by UKAS |
| Year received/renewed certification | 23 June 2021 |
| Latest expiration date | 18 June 2024 |



Cert No. 41Q22245

Quality Management System: ISO9001:2015 for production of electricity from biogas and solar cells

| | |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Certified by | GCL International, an accreditation institution that has passed the assessment and is certified by UKAS |
| Year received/renewed certification | 31 July 2023 |
| Latest expiration date | 31 July 2026 |



Cert No. 22E18751

Environment Management System: ISO14001:2015 for the production lines for ribbed smoked sheets (RSS), standard Thai rubber (STR), mixture rubber, rubber mat, and other rubber products.

| | |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Certified by | GCL International, an accreditation institution that has passed the assessment and is certified by UKAS |
| Year received/renewed certification | 29 June 2021 |
| Latest expiration date | 16 June 2024 |



Cert No. 43018751

Occupational Health & Safety Management System: ISO45001:2018 for the production lines of ribbed smoked sheets, standard Thai rubber (STR), mixture rubber, rubber mat and other rubber products

| | |
|--------------------------------------------|-------------------------------------------------|
| Certified by | GCL International, an accreditation institution |
| Year received/renewed certification | 29 June 2021 |
| Latest expiration date | 9 June 2024 |



**TESTING
No.0186**

Has successfully undergone assessment according to ISO/IEC 17025:2017 Certificate of competence of testing laboratory according to ISO/IEC17025:2017

| | |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Certified by | An accreditation institution which passed the assessment and certified by Bureau of Laboratory Accreditation, the Department of Science Service |
| Year received/renew certification | 26 January 2023 |
| Latest expiration date | 25 January 2027 |

(4) Assets utilized in business operations

| Table showing the Company's assets utilized in business operations as of 31 December 2023. Unit: THB Million | | | | | |
|--------------------------------------------------------------------------------------------------------------|----------------------|----------------------------------------|---------------------------------|---------------------------------------------------------------------------------------------|--|
| Type | Ownership | Obligations | Net book value (THB Million) | Utilization | |
| 1. Land and land improvements | Owned by the Company | Mortgaged with a financial institution | 61.47 | The land is the site of factory I, factory II, and the headquarters building of the Company | |
| 2. Buildings and improvements | Owned by the Company | Mortgaged with a financial institution | 450.39 | For business operations | |
| 3. Machinery and equipment | Owned by the Company | Mortgaged with a financial institution | 754.18 | For business operations | |
| 4. Napiergrass and corn plots | Owned by the Company | Nil | 1.42 | For business operations | |
| 5. Fixtures and office supplies | Owned by the Company | Nil | 7.77 | For business operations | |
| 6. Vehicles | Owned by the Company | Nil | 43.36 | For business operations | |
| 7. Work in progress and machinery in installation progress | Owned by the Company | Nil | 445.56 ^{/1} | For business operations | |
| Total | | | 1,764.16 | | |

Remark: ^{/1} Finished goods project – THB 156.49 million; efficiency improvement and capacity increase of STR factory II – THB 79.61 million; biogas power generation project – THB 66.34 million; land clearing and water retention pond – THB 25.68 million; installation of another solar power generation system – THB 19.49 million; and construction and fitting out of new office buildings – THB 78.56 million.

Intangible assets used in business operations Computer software

As of 31 December 2023, the net value of our computer software was THB 2.94 million (cost equivalent to THB 4.85 million, accumulated amortization equivalent to THB 1.04 million).



Investment promotion certificate

We have policies in all business groups to apply for investment promotion in the businesses eligible for investment promotion. The Company's business operations are transparent and in accordance with good corporate governance. We are confident that we can comply with the conditions set out by the Office of the Board of Investment in all respects.

We are a BOI-promoted company enjoying tax privileges such as exemption of import duty for imported machinery and equipment, exemption of corporate income tax on net profit for six to eight years starting from the date on which the revenue is first generated after receiving the BOI certificate; and thereafter five-year corporate income tax exemption. The details are as follows:

| Investment promotion certificate | | | | | |
|-----------------------------------------------------------|---------------------------|------------------|----------------------------------------------------|--------------------------------------------------------------|--|
| Project/type | Promotion certificate no. | Date of approval | Expiry of 6-8 years income tax exemption privilege | Expiry of reduction of 50% of corporate income tax privilege | |
| Production of natural rubber products (mixture rubber) | 1459(2)/2553 | 1 Jun 2009 | 20 Jul 2018 | 20 July 2023 | |
| Production of natural rubber products (STR) | 1921(2)/2557 | 14 May 2014 | 3 Aug 2022 | 3 August 2027 | |
| Utilities and basic services (biogas power generation) | 59-1605-0-00-2-0 | 13 June 2016 | Revenue not yet derived | Revenue not yet derived | |
| Primary rubber processing (STR-mixture rubber) | 62-0126-1-00-1-0 | 7 Jan 2019 | 2 Jul 2025 | - | |
| Electric power generation (solar power) | 62-0374-1-00-1-0 | 15 Mar 2019 | Revenue not yet derived | Revenue not yet derived | |
| Primary rubber processing (STR and mixture rubber) | 63-0045-1-00-1-0 | 22 Oct 2019 | 7 Jul 2026 | - | |
| Primary rubber processing (ribbed smoked sheets) | 64-0119-1-04-1-0 | 1 Feb 2021 | 31 Jan 2024 | - | |
| Production of natural rubber products (rubber mattresses) | 65-0062-1-00-1-0 | 14 Jan 2022 | Revenue not yet derived | Revenue not yet derived | |
| Primary rubber processing (STR and mixture rubber) | 66-0381-1-00-1-0 | 17 Mar 2023 | Revenue not yet derived | Revenue not yet derived | |

Note: We are entitled to deduct an annual loss incurred during the period of receiving exemption from the net profits accrued after the expiration of the period of exemption, for a period of not more than five years from the expiry date of that period. Dividends derived from our promoted activity would be exempt from computation of taxable income throughout the investment promotion period. An amount double the costs of transportation, electricity, and water supply incurred can be deducted for 10 years from the date income is first derived from the activity. In addition to normal depreciation, deduction of an amount not exceeding 25% of the cost of installation or construction of facilities is allowed.

(5) Work not yet delivered

Nil

1.3 Shareholding structure

1.3.1 Shareholding structure

Our main business is to produce natural rubber, including RSSs, STR 20, mixture rubber, and livestock rubber mattresses. As of 31 December 2023, our business is run by North East Rubber Public Company Limited, without any affiliated company or subsidiary.

1.3.2 Shareholders

1) Top 10 major shareholders as of 28 December 2023

| Top 10 major shareholders | | | |
|---------------------------|---------------------------------------------------|----------------------|----------------------|
| Rank | Shareholders | #shares (shares) | Percentage of shares |
| 1 | Jungtanasomboon group | 661,668,600 | 35.81 |
| | 1) Mr. Chuwit Jungtanasomboon ^{/1} | 505,135,800 | 27.34 |
| | 2) Mr. Jirayut Jungtanasomboon | 84,164,500 | 4.55 |
| | 3) Miss Mathucha Jungtanasomboon | 36,665,900 | 1.98 |
| | 4) Miss Wilasinee Juengthanasomboon | 30,200,000 | 1.63 |
| | 5) Mrs. Panida Jungtanasomboon ^{/2} | 5,376,000 | 0.29 |
| | 6) Miss Kesnaree Jungchotesirikul ^{/3} | 126,400 | 0.01 |
| 2 | Thai NVDR Company Limited | 57,461,640 | 3.11 |
| 3 | Mr. Kiattisak Trairungwatana | 18,150,000 | 0.98 |
| 4 | Mr. Manit Wattanasen | 17,710,000 | 0.96 |
| 5 | Mr. Niti Wanitjirattikal | 14,400,000 | 0.78 |
| 6 | Mr. Aphisak Theppadungporn | 13,800,000 | 0.75 |
| 7 | Mr. Nattachat Kumsirirakul | 12,000,000 | 0.65 |
| 8 | Allianz Ayudhaya Assurance Public Company Limited | 10,900,000 | 0.59 |
| 9 | Mr. Eiam Achavakulthep | 9,577,000 | 0.52 |
| 10 | Mr. Anurak Wongsawang | 8,290,000 | 0.45 |
| 11 | Other shareholders | 1,023,832,508 | 55.41 |
| Total | | 1,847,789,748 | 100.00 |

Notes:

^{/1, /2, /3} Mr. Chuwit Jungtanasomboon, Mrs. Panida Jungtanasomboon, and Miss Kesnaree Jungchotesirikul are considered shareholders in the same group because they are related shareholders under section 258 of the Securities and Exchange Act, B.E. 2535 (1992). They are under common control with another person.

^{/1} - Mr. Chuwit Jungtanasomboon is the Company's director, authorized director, executive chairman, and chief executive officer.

^{/2} - Mrs. Panida Jungtanasomboon is the Company's executive director and deputy chief executive officer – Supply Chain

^{/3} - Miss Kesnaree Jungchotesirikul is the Company's executive director and deputy chief executive officer – Marketing, Quality Control and Sustainability Development



1.4. Number of registered and paid-up capital

As of 31 December 2023, the Company's registered capital was THB 1,004,733,945 with an issued and paid-up capital of THB 923,894,874, consisting of 1,847,789,748 ordinary shares of THB 0.50 per share. The shares are listed and traded on the Stock Exchange of Thailand (SET).

1.5. Other securities

1.5.1. Debentures

Debentures of Northeast Rubber Public Company Limited No. 2/2021 Series 1 due in 2025 which the issuer has the right to redeem the debentures before the maturity date. Debentures of Northeast Rubber Public Company Limited No. 2/2021 Series 2 due in 2026 which the issuer has the right to redeem the debentures before the maturity date. As of 31 December 2023, the outstanding amount of the debentures is THB 4,814.30 million. The details are as follows:

1. Debentures of Northeast Rubber Public Company Limited No. 2/2021 Series 1 due in 2025 which the issuer has the right to redeem the debentures before the maturity date. Debentures of Northeast Rubber Public Company Limited No. 2/2021 Series 2 due in 2026 which the issuer has the right to redeem the debentures before the maturity date

| Subject | Description |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name | 1) Debentures of Northeast Rubber Public Company Limited No. 2/2021 Series 1 (" Series 1 Debentures " – NER25NA) due in 2025 which the issuer has the right to redeem the debentures before the maturity date. 2) Debentures of Northeast Rubber Public Company Limited No. 2/2021 Series 2 (" Series 2 Debentures " – NER26NA) due in 2026 which the issuer has the right to redeem the debentures before the maturity date. |
| Type | Registered senior and unsecured debentures with a debenture holder's representative. The issuer has the right to redeem the debentures before the maturity date. |
| Offering | To institutional investors and/or high-net worth investors |
| Offering value and outstanding balance | THB 2,000 million consisting of: 1) Series 1 Debentures: THB 1,000 million 2) Series 2 Debentures: THB 1,000 million |
| Interest rate | 1) Series 1 Debentures: Fixed rate of 5.25% p.a. 2) Series 2 Debentures: Fixed rate of 6.00% p.a. |
| Company credit rating | BBB-/Stable by TRIS Rating Co., Ltd. |
| Face value per unit | THB 1,000 |



| | |
|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of issue | 4 November 2021 |
| Tenor | 1) Series 1 Debentures: Four years from the date of issuance 2) Series 2 Debentures: Five years from the date of issuance |
| Maturity date | 1) Series 1 Debentures: Due on 4 November 2025 2) Series 2 Debentures: Due on 4 November 2026 |
| Interest period | Interest on the debentures will be paid at the fixed rates every three months on 4 February, 4 May, 4 August and 4 November of each year throughout the tenor of the debentures. The first interest payment was on 4 February 2022. The final interest payment will be made on the maturity date of the relevant series. |
| Requirements to maintain financial ratio | The issuer maintains the net debt-to-equity ratio in accordance with the issuer's consolidated annual financial statements at a ratio not exceeding 2.5 : 1 times as at the end of each accounting period throughout the tenor of the debentures (please refer to the terms in clause 7.3 (a) re: financial covenants). |
| Early redemption | The issuer has the right to redeem Series 1 Debentures and/or Series 2 Debentures three years from the date of issuance, i.e. 4 November 2024. |

Debentures of Northeast Rubber Public Company Limited No. 2/2022 Series 1 due in 2027 which the issuer has the right to redeem the debentures before the maturity date. Debentures of Northeast Rubber Public Company Limited No. 2/2022 Series 2 due in 2029 which the issuer has the right to redeem the debentures before the maturity date

2. Debentures of Northeast Rubber Public Company Limited No. 2/2022 Series 1 due in 2027 which the issuer has the right to redeem the debentures before the maturity date. Debentures of Northeast Rubber Public Company Limited No. 2/2022 Series 2 due in 2029 which the issuer has the right to redeem the debentures before the maturity date

| Subject | Description |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name | 1) Debentures of Northeast Rubber Public Company Limited No. 2/2022 Series 1 (" Series 1 Debentures " – NER279A) due in 2027 which the issuer has the right to redeem the debentures before the maturity date. 2) Debentures of Northeast Rubber Public Company Limited No. 2/2022 Series 2 (" Series 2 Debentures " – NER299A) due in 2029 which the issuer has the right to redeem the debentures before the maturity date. |



| | |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Type | Long-term registered senior and unsecured debentures with a debenture holder's representative. The issuer has the right to redeem the debentures before the maturity date. |
| Offering | To institutional investors and/or high-net worth investors |
| Offering value and outstanding balance | THB 2,814.30 million consisting of: 1) Series 1 Debentures: THB 1,161.50 million 2) Series 2 Debentures: THB 1,652.80 million |
| Interest rate | 1) Series 1 Debentures: Fixed rate of 5.65% p.a. 2) Series 2 Debentures: Fixed rate of 6.40% p.a. |
| Company credit rating | BBB-/Stable by TRIS Rating Co., Ltd. |
| Face value per unit | THB 1,000 |
| Date of issue | 8 September 2022 |
| Tenor | 1) Series 1 Debentures: Five years from the date of issuance 1) Series 2 Debentures: Seven years from the date of issuance |
| Maturity date | 3) Series 1 Debentures: Due on 8 September 2027 1) Series 2 Debentures: Due on 8 September 2029 |
| Interest period | Interest on the debentures will be paid at the fixed rates every three months on 8 Marc, 8 June, 8 September and 8 December of each year throughout the tenor of the debentures. The first interest payment was on 8 December 2022. The final interest payment will be made on the maturity date of the relevant series. |
| Requirements to maintain financial ratio | The issuer maintains the net debt-to-equity ratio in accordance with the issuer's consolidated annual financial statements at a ratio not exceeding 2.5 : 1 times as at the end of each accounting period throughout the tenor of the debentures (please refer to the terms in clause 7.3 (a) re: financial covenants). |
| Early redemption | The issuer has the right to redeem Series 1 Debentures and/or Series 2 Debentures two years from the date of issuance, i.e. 8 September 2024. |

1.6 Dividend policy

The Company has the dividend payment policy for shareholders at the payout rate of at least 40% of net profit after deduction of taxes, legal reserves, and other reserves, if any, required by the Company's articles of association and by law, save for other necessity. Dividend payments do not materially affect the Company's ordinary course of business.

Dividend payments are subject to change, depending on the Company's operating results, financial standing, liquidity, need of working capital for operations, investment plans, business expansion in the future, market conditions, suitability, and other factors in connection with the Company operations and management. Payment of dividends is subject to the condition that the Company has sufficient cash to run the business and the dividend distribution must be in the best interest of shareholders as our board of directors and shareholders find fit. Payment of dividends must be with the resolution of the board of directors and the resolution of a general meeting of shareholders, save for payment of interim dividends which the board of directors has the authority to approve the payment and report the matter to the subsequent shareholders' meeting.

In 2023, the Company recorded a net profit of THB 1,545.60 million. The meeting of the board of directors approved to pay dividends for 2023 at THB 0.34 per shares, equivalent to THB 628.25 million. After deduction of interim dividend payout for the first half of 2023 at the rate of THB 0.05 per share, equivalent to THB 92.39 million paid on 8 September 2023, the remaining dividends to be paid is THB 0.29 per share, equivalent to THB 535.86 million. The dividend payment for the operating results of 2023 is equivalent to 40.65% of the net profit after statutory reserves.

| Dividend payment information | | | |
|------------------------------------|---------------|---------------|---------------|
| | 2021 | 2022 | 2023 |
| Number (shares) | 1,760,635,056 | 1,847,789,748 | 1,847,789,748 |
| Earnings per share (THB per share) | 1.13 | 0.95 | 0.84 |
| Dividend per share (THB per share) | 0.43 | 0.38 | 0.34 |
| Dividend payout (%) | 40.49% | 40.17% | 40.65% |

Note: Dividend payout ratio = dividend payment divided by net profit



2 RISK MANAGEMENT

2.1 Risk management policy and plan

It was a year full of business challenges in 2023, as many countries valued sustainable economy, which constitutes a foundation for long-term economic growth, without posing adverse impacts on the society, communities, or environment. In particular, they made products that are environmentally friendly, or transformed themselves into low-carbon societies. In the meantime, interest rates were raised with an aim to solve inflation issues, amid international armed conflicts, an intensifying rise in trade barriers, and a climate phenomenon called "El Niño," which causes more severe droughts, resulting in the increase in agricultural risks and damage to, and a decrease in, agricultural products. All these factors had effects on the manufacturing and trading sectors, which are exposed to risks of transition that are now being encountered by the economy.

Amid internal and external changes that may affect the economy, North East Rubber Public Company Limited realized the importance of, and placed its importance on, risk management, with an aim for organizational growth and stable business expansion, with a solid financial position and reasonable returns for its shareholders. Therefore, we put systematic risk management in place, in line with international standards, which was integrated into our business operations, to conform with the principles of Enterprise Risk Management (COSO-ERM 2017), an international risk management standard. We believed that risk management would constitute a key component in every step of our business operations, and that risk management at all levels had to be connected. Our work systems in the areas of corporate governance, risk management, and compliance (GRC) were therefore integrated, with a company-wide risk management policy applicable to all employees. An enterprise risk management committee (ERMC) was established to supervise risk management in the big picture to ensure maximum efficiency and effectiveness, and corporate regulatory compliance.

In addition, our systematic risk management was implemented and supervised by the risk management committee and the risk management team, whereby internal practices were established and risk management was driven in all areas to achieve its objectives. As our risk management was integrated, risk management plans were prepared to ensure efficiency and effectiveness, and that our policies and objectives would be achieved, and risks would be maintained within our risk appetite, in alignment with the organizational goals and strategies. Operational risk was managed by executives in charge, while all work units were responsible for risk management and risk control to maintain risks within our risk appetite, which was clearly specified in the practices applicable to all work units. All employees, at any levels, were encouraged to be aware, which instilled in them the understanding of the importance of risk management, and to put it into practice in order to cultivate this organizational culture.

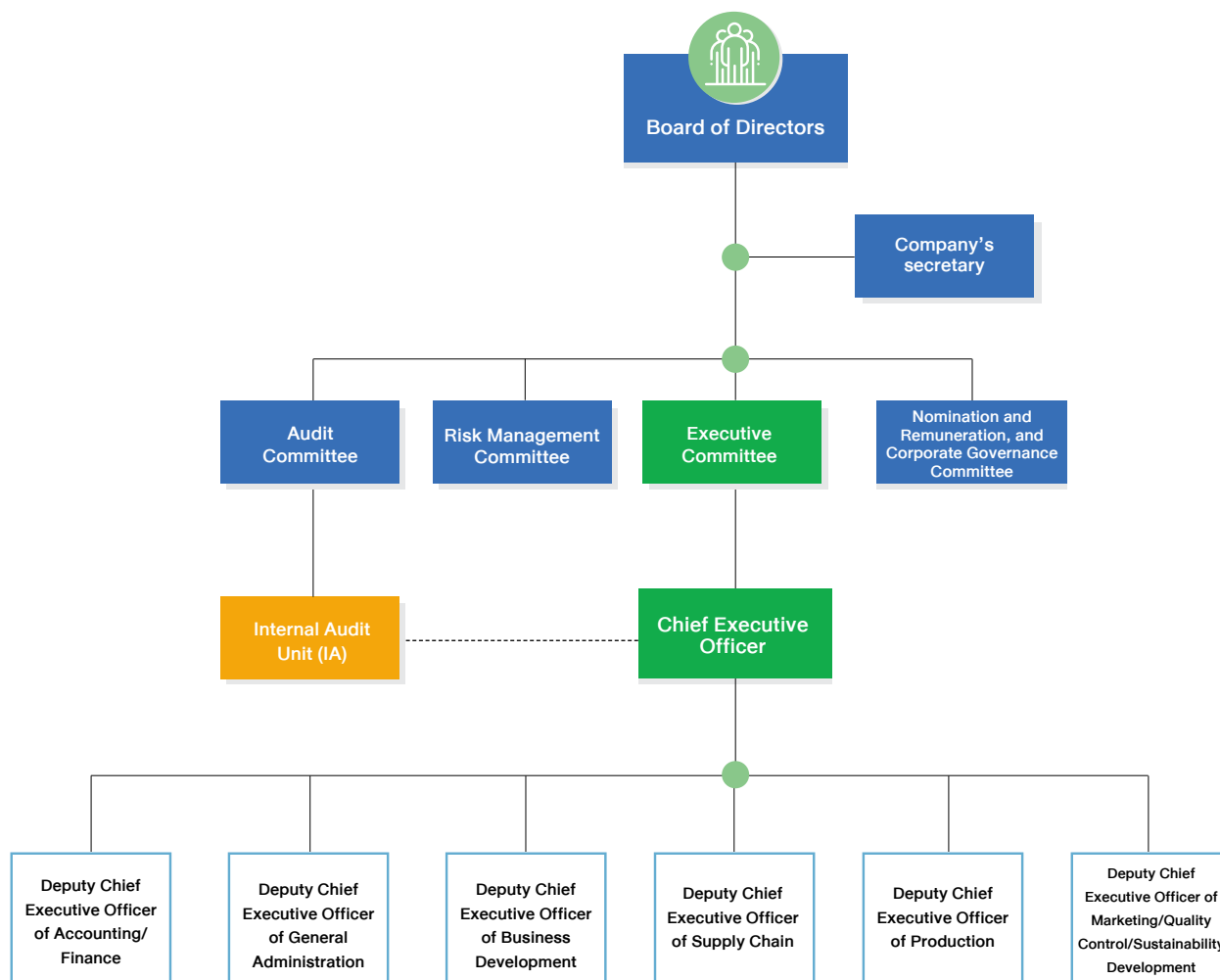
Risk management tools were also deployed in a variety of forms, including those that helped with the determination of the organizational risk appetite, the risk map for the assessment and prioritization of risk factors, the mitigation plan to monitor risk management, and the value at risk (VaR) approach to indicate and assess effects from each risk factor. The Company monitored changes in key external factors and emerging risks to ensure that proactive risk management measures would be put into place before there was any effect on the business operations.



As part of our risk management culture, we nurtured risk management awareness among all employees, and created an atmosphere and culture that support risk management. We emphasized the appropriate allocation of resources and support in several areas, which would be integrated into essential work procedures, with an aim to enhance the efficiency of systematic risk management. To ensure alignment with present circumstances, working groups were established in order to carry out operations in a timely manner.

Structure, roles, and responsibilities regarding risk management

The Company's risk management structure is shown in the chart below.



The audit committee represents the Company's board of directors in policymaking, risk governance, and risk management. The risk management committee consists of the chairman of the board of directors, the deputy chief executive officer of accounting/finance, members of the audit committee, and executive officers. Its key roles and responsibilities include building a risk management structure and designating individuals to be in charge, making decisions regarding the scope of risk management and risk management process, monitoring the assessment of corporate risks, and reporting risks and the management of these risks.

Risk management process

The scope of risk management applies to the Company's activities with regards to strategies, operations, and investment. The risk management process can be divided into key procedures, as detailed below.

1. Identifying threats and opportunities in business operations. To make a list of business threats and opportunities, the Company takes into account existing risks and emerging risks.
2. Assessing risks by using tools to assess the possibility of, and potential effects from, risks in order to evaluate their severity and prioritize these risks.
3. Establishing management measures, and determining risk indicators and performance indicators, in order to project risky situations and supervise activities for reducing risks to ensure that the targets will be achieved.
4. Reporting risks to the risk management committee.

Risk factors faced by the Company's business operations and its systematic risk management

The Company assessed important risks, and prepared a plan for managing potential risks, with a focus on operational risk and strategic risk that may have material effects on the business. These risk assessments included the assessment of environmental and social risk, governance and compliance risk, reputation and intellectual property risk, hazard risk, input risk, process risk, financial risk, and business risk. We assessed and monitored risks that were specifically relevant to present situations, such as emerging risks regarding the safety and security of information technology systems, risks from climate change, and risks regarding the ambition for a low-carbon society.

2.2 Risk management outcomes

The risk management committee held 12 meetings in 2023, with its role and responsibilities summarized below.

1. The risk management committee scrutinized risk management policies, considered risk management plans, assessed business risks, established measures to prevent and correct these risks, and consistently and constantly followed up on the outcomes, in order to reduce or cushion effects from these risks.
2. The risk management committee reported its operating performance for 2023, and included it in the annual report for 2023, which would be submitted to the Securities and Exchange Commission (SEC).
3. The risk management committee reviewed the Risk Management Manual for 2023 to ensure that North East Rubber Public Company Limited properly complied with, and adopted, the established risk management principles, which align with the risk management principles under the standards set by the Committee of Sponsoring Organization of the Treadway Commission (COSO), into its systematic risk management to ensure that risks would be maintained within its risk appetite, and that the practices and criteria for assessing its risk control and risk management plans were complied with.



4. The risk management committee constantly followed its work plans and risk management process, reviewed its risk management, and communicated with, and reported to, the Audit Committee and the board of directors on a quarterly basis for their acknowledgement and additional opinions.
5. The risk management committee ensured that the executive committee or the management analyzed any potential risk factors, including strategic, financial, operational, compliance, and corruption (in line with the anti-corruption policy) risk factors, in order to prioritize these risks and prepare appropriate risk control measures, which are aimed to maintain risks within the organizational risk appetite or reduce any potential risks in the future.
6. The risk management committee realized the importance of risk management, and followed up on and analyzed the Company's operating performance in terms of production volume, capacity, and actual operating costs on a monthly basis, in comparison with the costs and gross profit. Sales revenue was estimated and compared with forward contracts, enabling the business to hedge against foreign exchange risk. Reports on remaining inventory were followed up, in comparison with pre-orders, while the actual costs and expenses were compared with the designated budget, to ensure that the work plans were pursued and the Company's objectives would be accomplished.
7. The risk management committee provided consultancy and advice to the risk management working group, and considered appropriate measures to control risk factors and improve the Company's risk management, with constant reports on the outcomes and risk management training for the personnel. This was designed for efficient and effective risk management.
8. The risk management committee analyzed the internal and external environments as part of its analysis of risk factors that might have an effect on the Company in the short term and long term. A business continuity plan (BCP) was prepared to constitute guidelines on business administration to ensure seamless operations, with no interruption, despite an unpleasant situation or emergency. Organizational units were prepared for critical situations or emergencies in order to reduce any effect from interruption, and alleviate and maintain damage at an acceptable level. This was intended to reinforce the confidence of interested parties in the efficiency of the Company's management and effective control even in an unpleasant situation.
9. The risk management committee made an annual review of the risk management committee charter to ensure conformity with the principles of corporate governance and appropriate responses to a dynamic environment.
10. The risk management committee complied with, and adopted, the COSO risk management mechanism, or ERM COSO (2017), together with other standards relevant to business operations, with a focus on the management of risk factors in four aspects – strategic, operational, financial, and compliance risk factors – and emerging risks and sustainability risks, which, the Company was of the opinion, without appropriate management would hinder its attempt to pursue its vision, mission, objectives, and goals.



2.3 Risk factors encountered by the Company's business operations

We identified and assessed key risks to which our business operations were exposed. To do so, we analyzed the internal and external environments; economic, social, political, technological, and environmental trends; rival industries; and other relevant factors, based on the scope of risk management and alignment with sustainable development issues with regard to environmental, social, and compliance risk in order to identify organizational risk factors. These risks can be divided into four groups, as detailed below.

2.3.1 Business risk

2.3.1.1 Risks from business strategic direction

As disruptive innovation and technology (one that enjoys rapid advancement) transformed business models, impacts could be seen on customer needs and business operations. Therefore, we placed importance on the determination of strategic direction for its business operations as preparation for shifts in economic, social, energy, technological, and environmental trends, and changes in consumer behavior in line with global megatrends. Any failure by the Company's strategies to respond to these changes in a timely manner might have had effects on its business operations and operating performance in the future.

Risk management

To seek opportunities, improve businesses, develop new products, and prepare for any possible changes, the Company reviewed the vision, direction, and strategy for its future operations, and had a new product development strategy in place. A meeting was arranged with the board of directors, and a business plan was produced based on this strategic direction. In the meantime, risks from the business strategy were constantly monitored and assessed, with a meeting of the risk management committee held every month to follow up on and maintain risk factors within the Company's risk appetite, and ensure that the operating goal would be achieved, in order to build confidence among all interested parties.

2.3.1.2 Risks from changes of government policies, rules, regulations and law

The Company's core businesses consist of the manufacturing and supply of products made from natural rubber, and the processing of rubber. In 2023, the Company reported THB 25,045.17 in its sales revenue, accounting for 99.95% of the total revenue. The Company's operations are governed by the Rubber Control Act, B.E. 2542 (1999), while the Rubber Division, the Department of Agriculture, the Ministry of Agriculture and Cooperatives, is in charge of supervising the manufacturing, sale, and export of rubber. Under the rubber control law, the Department of Agriculture imports rubber, and controls and determines the amount of rubber to be allocated to ensure suitable allocation for the current rubber price situation, which will benefit the sale and



export of rubber. The Department of Agriculture also makes decisions on contributions to the Centre for Experimental Social Sciences (CESS) from exporters of rubber, which may be modified to reflect any change in a government policy. Therefore, these changes in government policies pose risk to the Company. For example, during a decline in rubber price, a government authority may announce its control over the amount of rubber allocated for export by rubber merchants as an attempt to raise the rubber price, or any change in the CESS rate may affect the costs of the Company's exports, which may affect the export volume and sales price of the Company's products. As a result, the operating performance may be affected.

To prevent problems with the rubber price, the government has announced its inclusion of rubber in the list of controlled goods and services. As rubber is controlled under applicable law, the Ministry of Commerce has the authority to examine and monitor data and factual information about it. As a result, the government may intervene in the rubber price situation, and this intervention may have an effect on the prices of Company's products.

In addition, as the Company is an exporter of goods, it is bound by laws, rules, and regulations applicable in the destination countries. Any change in these laws, rules, or regulations (such as an amendment to regulations on the import of products made from processed rubber, or an amendment to the import duty or other taxes) may have an effect on the Company's exports to that destination country, and may consequently have an effect on the Company's operations.

Risk management

The Company understands risks from changes of local and foreign government policies that may affect the Company's operations. In order to alleviate these risks, the Company closely monitors relevant information and updates from competent agencies to ensure that it will be promptly informed and be able to respond to the situation in a timely manner.

2.3.1.3 Risks from the fluctuation of the price of natural rubber

The Company carries out the businesses of manufacturing and supplying products made from natural rubber, and processing rubber. The key raw material used in the manufacturing is rubber. As a commodity, the price of rubber fluctuates in line with the global price of rubber, and is directed by the demand and supply of natural rubber. The price of rubber may be influenced by several factors, including the following.

1. **Market demand and supply**, whereby the rubber price is dependent upon the increase or decrease in demand for natural rubber, or the increase or decrease in the world's consumption of natural rubber.



2. **Supply of natural rubber as the raw material**, which depends on natural conditions, such as the climate and the amount of rainfall, which affect the amount and price of rubber. What's more, during the closing of the tapping season or the season of deciduous rubber trees every year, rubber farmers halt their rubber tapping approximately for a few months (around February, March, and April), and resume the tapping in June. When the tapping season ends, the amount of rubber produced in that period declines, resulting in a decrease in its supply into the market. The amount of rubber supply in the market is one of the key factors that influences the rubber price at a specific time. A decrease in rubber supply may drive the rubber price to rise, the situation that may result in the rising price of the raw material purchased by the Company.
3. **Prices of crude oil**, which is an ingredient of synthetic rubber, a substitute product for natural rubber. Any change in a crude oil price will cause a change in the price of synthetic rubber, accordingly. As a result, the price of natural rubber will change due to the increase or decrease in its demand.
4. **Prices of SICOM Rubber Futures**. The Company bases its reverse calculation on SICOM prices, as base prices, and refers to these prices in its daily purchase of raw materials. Due to these prices, the Company faces risks from changes in rubber prices, as it needs to buy rubber for use as the main raw material. Besides, the sale prices of rubber products refer to global sales prices, and therefore the Company faces risks from the uncertainty and fluctuation of the price of the raw material it pays to the supplier and the prices of products sold to its customers.

In the big picture, operating results generated by the manufactures of intermediate rubber products were on an upward trend. However, they may face more serious competition from their peers in neighboring countries that are now supplying more products into markets. Other risk factors include a possible decrease in rubber produce as farmers may turn to other plants that generate higher returns, drought as a result of El Niño, and higher costs of manufacturing.

- **Rubber farmers: income likely to stabilize.** Farmers are prone to risks of a possible decrease in produce due to the existing leaf fall disease in rubber, and risks regarding the costs of farming, including the costs of labor and fertilizers. However, they have benefited from government assistance that is aimed at price stabilization for farmers.
- **Rubber merchants: income uncertainty likely,** due to a smaller number of marketing channels, as industrial factories have become more likely to buy rubber products directly from farmers, central markets, or cooperatives. Moreover, these merchants may be affected by Chinese entrepreneurs' direct purchases of rubber from Thai farmers, interrupting the raw material supply chain in which Thai



merchants are involved, and by China's increased reliance on imports from Cambodia, Laos, Myanmar, and Vietnam (CLMV).

- **Manufacturers of intermediate rubber products: income likely to increase at a moderate pace.**

Thai manufacturers of rubber sheets and standard Thai rubber are likely to report the improvement of their operating results, driven by demand from China and Europe, in line with the expansion of the automotive industry, the electric vehicle industry, and the automotive wheel market. However, these manufacturers may encounter competition from their peers, particularly those in CLMV, who are expected to supply more products into markets. In the meantime, opportunities for growth are open for manufacturers of concentrated latex, in line with trend forecasts with regard to downstream industries, especially those involving rubber gloves and medical rubber products. However, they now face risks from excess capacity as a result of the acceleration of capacity during the COVID-19 pandemic three years ago. On the other hand, manufacturers of compound rubber and mixture rubber¹ reported improved operating results, driven by demand from China in the automotive industry and for automotive parts, especially those used in the electric vehicle industry, and the recovery of the manufacturing sector in key partner countries, such as Malaysia, India, the US, and Europe. However, manufacturers of intermediate rubber products may incur higher costs due to the rise in the prices of chemicals and synthetic rubber that are used as ingredients in their manufacturing, in accordance with global crude oil prices. In addition, China is adding more investment into the primary and intermediate manufacturing of rubber, which may limit the growth of rubber exports from Thailand.

Manufacturing situation

Natural rubber industry

For the overall manufacturing of rubber sheets and standard Thai rubber in 2023 (data provided for July to December 2023 reflects estimation), the production of rubber sheets declined by 37.81%, and that of standard Thai rubber shrank by 2.99%, year-on-year.

Rubber manufacturing industry

For the overall manufacturing of rubber wheel products in 2023 (data provided for July to December 2023 reflects estimation), the production of passenger car tires increased by 0.34%, while that of truck and bus tires shrank by 9.83% year-on-year. Likewise, the production of motorcycle tires declined by 1.70%, whereas that of other tires grew by 10.09% year-on-year. The production of inner tubes for trucks and buses shrank by 49.20%, and that of motorcycle inner tubes decreased by 0.16%.



Commercial and market situation

Domestic sale

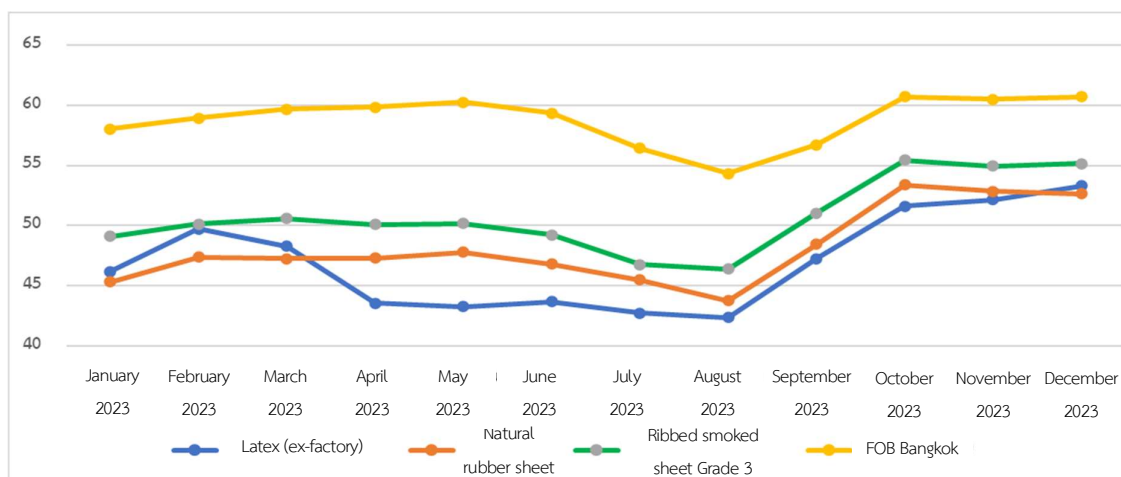
For the overall sale of rubber sheets and standard Thai rubber in 2023 (data provided for July to December 2023 reflects estimation), the sale of rubber sheets declined by 0.28%, and that of standard Thai rubber shrank by 1.76%, year-on-year.

For the overall sale of rubber wheel products in 2023 (data provided for July to December 2023 reflects estimation), the sale of passenger car tires declined by 31.99%, while that of truck and bus tires grew by 8.82% year-on-year. The sale of motorcycle tires declined by 3.25%, whereas that of other tires were down by 11.79% year-on-year. The sale of inner tubes for trucks and buses shrank by 20.83%, and that of motorcycle inner tubes decreased by 3.73%.

Export and export markets

In 2023, Thailand reported the total volume of natural rubber export of 2,702,733.58 tons (data provided for July to December 2023 reflects estimation), a decline by 20.28% from 3,390,453.54 tons in 2022. Among these, the export of standard Thai rubber accounted for the majority of total exports, at 52.54%, or 1,417,296.45 tons, followed by concentrated latex, at 29.56%, or 849,176.57 tones; ribbed smoked sheets, at 13.12%; compound rubber, at 4.03%; and other forms of rubber, at 0.76%.

In 2023, Thailand reported the total value of rubber product exports of USD 10,346.07 million (data provided for July to December 2023 reflects estimation), a decrease by 1.45% from 10,498.65 million USD in 2022.



The graph shows average prices of raw rubber sheets, ribbed smoked sheets, and field latex, and the FOB price in 2023 (unit: THB)

Source: Office of Songkhla Central Rubber Market in Hat Yai, Songkhla, FOB (Bangkok), delivered one month in advance

Risk management

We closely monitored rubber prices both in global markets and domestic central markets to pursue reasonable purchase prices, while setting our sales prices. This helped the Company to reduce relevant risks in spot transactions. We had a measure in place to control costs and expenses, and set the sales prices for our products using the cost-plus pricing method, based on the average cost of the product as of the date of agreement to sell it to the customer. However, the costs of goods sold recorded in the financial statements, in accordance with accounting standards, referred to the average cost up to the date of delivery. As a result, the Company's gross profit might not be as exactly fixed as gross profit that could have been achieved by the normal cost-plus pricing method. In addition, we stored sufficient raw materials for our planned manufacturing to ensure that our products would be delivered to customers at the scheduled time. At least raw materials sufficient for manufacturing over a three-to-five-month period were ordered to prevent the risk of shortage and the risk of fluctuation in prices.

2.3.1.4 Risks from competition in the industry

We are a manufacturer and supplier of rubber products, especially ribbed smoked sheets (RSS), standard Thai rubber 20 (STR20), STR-mixture rubber, and RSS-mixture rubber, which can be used in the manufacturing of car tires, and constitute essential components in the automotive industry. Most manufacturers supply rubber that is obtained through the processing of these types of rubber mainly to the automotive industry, creating a large market for these rubber products, in line with the size of the automotive industry, and therefore competition from foreign and local manufacturing giants is inevitable. However, Thailand remains the top rubber exporter of the world. Besides, labor shortage, climate change, and the spread of the leaf fall disease in rubber are likely to cause a decrease in supply from our competing countries, as Indonesia, Malaysia, and the Philippines, in particular, have turned to oil palm and durian, instead. In addition, global crude oil prices are likely to remain high, due to conflicts between Russia and Ukraine, which are expected to be prolonged, causing the price of synthetic rubber, as a substitute for rubber, to rise. Therefore, manufacturers in other industries are likely to rely more on natural rubber. In the meantime, concerns over the El Niño situation are driving up inventories, affecting the manufacturing supply chain in China, when taking into account the export trend of each type of product. However, China has increased its import from CLMV countries, as Chinese investors have continuously expanded their rubber planting in these areas, and markets are beginning to see its produce. As a result, demand for rubber from China, a major trading dealer for Thailand, may decline. China is also modernizing its rubber industry, with an aim to boost its manufacturing efficiency, through the application of technologies, and consequently, may gradually reduce its reliance on imported rubber products.

As non-tariff barriers have been implemented, in particular with respect to environment (law applicable in the country of import must be complied with, and international standards or sustainable rubber plantation management mechanisms are enforced, for example the Forest Stewardship Council (FSC) standards and the EU draft Regulation on Deforestation-Free Products), the public sector in Thailand has actively responded (when compared with competing countries within the same industry), and is now cooperating with entrepreneurs though it necessarily remains cautious about the rising costs of compliance as a result of the aforementioned



implementation. Thailand is also dealing with plant diseases, especially the existing and new variants of the leaf fall disease in rubber (rubber plants in southern parts of Thailand, which are wet from rainfall, are more prone to the disease), which cause rubber produce to decline.

Risk management

We have more than 17 years of experience in the rubber processing industry, and with a focus on quality, work to maintain our product quality and efficient manufacturing standards, to ensure that our products will be welcomed by customers. We have available a workforce with expertise in relevant business operations. Our product quality is analyzed and tested, and our rubber is certified by the Rubber Research Institute, the Department of Agriculture, Ministry of Agriculture and Cooperatives. We have a research and development (R&D) unit equipped with state-of-the-art analyzing tools. Our staff members are trained and educated to ensure that they are skilled in the manufacturing of products with stable quality that meet established standards, in order that our products satisfy customer needs and can be delivered at the scheduled time. In addition, we have a strategic plan to expand our presence in domestic and overseas markets in order to satisfactorily meet customer demand.

2.3.1.5 Risks from market concentration and reliance on few products

Revenue is generated from the sale of four types of primary processed rubber products: ribbed smoked sheets (RSS), standard Thai rubber 20 (STR20), STR-mixture rubber, and RSS-mixture rubber. In 2023, income from the domestic sales of the Company's products accounted for 65%, and that from overseas sales accounted for 35%, of the total sales. Our major local customers are manufacturers in the car wheel industry, and our major overseas customers are traders in China and Singapore. As a result, we face risks from our reliance on few products (for example, other products may emerge to substitute for natural rubber, and that may result in a decrease in future demand for natural rubber) and market concentration (if our core customer groups, especially manufacturers in the domestic car wheel industry and traders in China and Singapore, no longer buy our products, our income and operations can be affected).

Risk management

We have expanded our businesses into the manufacturing and supply of finished goods, including rubber flooring for livestock. This will help alleviate our reliance on few products and market concentration, and will generate new opportunities for higher income and gross profit. With regard to our existing products, we have a policy to expand our customer base by reaching out to overseas customers, such as those in India and car wheel manufacturers in Europe.



2.3.1.6 Risks from rejection of license applications or renewal, and risks regarding local and overseas business operation licenses

As we are a manufacturer and supplier of processed rubber, and our operations are governed under the Rubber Control Act, B.E. 2542 (1999), it is our obligation to obtain rubber business licenses required under applicable law or regulations, and to obtain permission from competent authorities, such as the Department of Industrial Works, the Department of Agriculture, the Department of Science Service, and the Ministry of Agriculture and Cooperatives, which have the authority to supervise our satisfaction of permission conditions and industrial standards. These licenses, some of which may be valid for as short as one year, include, without limitation, the rubber trade license, the rubber factory establishment license, the rubber export license, and the license for the operator of rubber quality analysis and testing. Any failure to retain or have its licenses renewed may pose the risk of business interruption and the risk of non-compliance, and therefore obtaining, or continuous renewal of, these licenses is necessary to ensure our business continuity.

Risk management

We are aware of risks relevant to license renewal, as well as changes of regulations applicable to our operations. We monitor the renewal of all licenses and permits on a regular basis, and keep watch on any changes of law, rules, and regulations that may be introduced by competent agencies to ensure that all requirements are properly complied with. We have no history of renewal issues, nor issues with regard to changes of applicable law.

2.3.1.7 Environmental risk

We carry out the business of manufacturing and processing natural rubber, and the manufacturing process may cause pollution in the areas surrounding the factory, such as air pollution caused by rubber smell from the factory and wastewater in manufacturing, which may pose risks regarding environmental management and control with regard to the communities in the vicinity (without reasonable preventive measures or control, our operations may cause disturbance to, and consequently conflicts with, these communities), and risks regarding compliance with environmental management and control policies implemented by the public sector. As our business operations are governed under environmental law and regulations applicable to pollution, healthcare, and environment, both at national and local levels, such as those provided by the Department of Industrial Works, the Ministry of Industry, and the Ministry of Labour, any failure to comply with these legal provisions may affect the operations.



Risk management

We always place our importance on potential effects on the environment, and are determined to grow our business with no environmental impact that may be caused by our operations. We work to ensure that all areas of our operations meet the ISO14001:2015 standards. We have neither loss of raw materials, nor problems with waste or detritus, or so-called "zero waste," as all types of our raw materials can be brought back into the manufacturing process. For wastewater treatment and the prevention of, and solution to, wastewater issues, we use aeration technology and anaerobic wastewater treatment, and wastewater obtained in the entire manufacturing process will be used in the biogas project, which produces electrical power and gas to substitute LPG for use in the factory.

According to the record of complaints regarding environmental issues, in 2023, a complaint was made by residents in the vicinity who were affected by the smell and wastewater from the Company's operations. With reference to letter No. BorRor 55301.1/959, dated 15 November 2023, issued by the Office of the Khok Ma Subdistrict Municipality, wastewater was released behind the Company's factory into local plantations. Following the complaint, we arranged for prompt solution by looking into and analyzing the incident to find the root cause, and figuring out solutions, to assure these surrounding communities that we have effective environmental protective measures. Based on our investigation, we found that a large amount of water caused by heavy rainfall poured into the Napier grass plantation, and this untreated water was an overflow out of the factory area. For short-term solutions, 50-centimeter-high concrete levees would be built, beginning from the water-resistant area at the front of the factory to the road behind the factory, and four-meter-wide levees would be built around the Napier grass plantation. Construction is expected to be completed by the end of April 2024. In the long-term, a pond, with levees, will be dug for use as water storage behind the factory, to prevent any pouring into public areas.



Four-meter-wide levees higher than the road level will be built around the 50-rai Napier grass plantation.

To ensure efficient follow-up, during these undertakings, we have measures in place to strictly inspect machines and instruments used in the wastewater treatment to ensure the maximum efficiency of the wastewater treatment system. We, together with community residents, also explore community areas in the vicinity twice a month, and ask the residents about any effects on their environment, and we are doing this simultaneously with smell management. To prevent smell from fermented raw rubber, we manage raw materials stored in the warehouse by avoiding storing them for such an extensive period of time that they cause unpleasant smell. Rubber brought into the factory will go through the primary process, including rubber shredding and spraying water on the pile of rubber, to minimize any unpleasant smell. The Company is classified by the Ministry of Industry as a green industry at level 3, meaning we have systematic environmental management that is monitored, evaluated, and reviewed for continuous improvement, to ensure our sustainable growth and development.

2.3.1.8 Social risk

To prevent or minimize effects concerning human rights in our business operations, we abide by human rights principles, as our common practices, with regard to all groups of interested parties, including employees, communities, society, customers, and business partners in our supply chain, and with regard to domestic and overseas activities. Effects on sensitive risk groups and people with special needs, such as children and foreign laborers, will be particularly assessed, while potential effects at personal, operating, and national levels will also be evaluated.

Risk management

We strictly comply with applicable law to ensure prudent, careful, and cautious operations, and avoid any acts that may directly or indirectly violate or affect a human right. We neither encourage nor get involved in a human rights violation. To prevent human rights violations in any business activities, business value chains, and joint ventures, that we are engaged in, we have established policies and practices on human rights, and we comply with the laws of Thailand and the laws applicable in the jurisdictions where we have our operations. In addition, we communicate and publicize our human rights practices to interested parties to ensure their participation in our human rights policy. For potential business partners to join our projects, we have materials regarding how to combat human rights violations, which will be provided to them for their acknowledgement.

2.3.1.9 Corporate governance risk

We operate our businesses with responsibility for communities, society, environment, and all interested parties. Failure to maintain operations at a level expected by interested parties would affect the organizational reputation. Therefore, we have stakeholder management, whereby we constantly review, develop, and improve



our operations. We promote operations in which engagement by interested parties is encouraged, in line with international standards addressing interested parties. We respond to issues that our interested parties value, and data on their demands and expectations will be collected and analyzed. Once this analysis is concluded, we will establish practices for relevant work units to comply with, and their performance will regularly be monitored.

Risk management

We hold on to the principles of good governance, with an aim for organizational sustainability. We are determined to operate our businesses that will promptly meet the constantly-changing expectation of interested parties, in line with current situation, in order to minimize reputational risks. We study groups of interested parties, including employees, executives, the board of directors, shareholders, and business partners (including clients, raw material suppliers, business competitors, and accounts payable), as well as communities and social and environmental groups. We study the expectation of our interested parties for better clarification, and to minimize any effects on our operations.

Board of directors and shareholders. We work to meet their expectations in terms of good corporate governance, transparent and verifiable disclosure, compliance with the business code of conduct, and returns on investment, with better profits generated.

Customers and clients. We deliver quality products to customers and clients at the scheduled time, fulfill equitable agreements, and have systematic management to address our reliance on key customers or clients, with operating power to approve sale to each customer or client, both domestically and overseas, designated.

Business partners. We have measures to examine and screen potential business partners, such as contractors and raw material suppliers. We promote business activities that we are engaged in with business partners who operate equitable businesses, with no human rights violations and with awareness of social responsibility. We have annual observation plans, and the results will be concluded, summarized, and provided to our business partners, in accordance with our business partner code of conduct. In the Company's procurement of core raw materials for use in the manufacturing of natural rubber, business partners are divided into three main groups: large vendors with high volume of deliveries, individual farmers, and cooperatives. We have risk management in place to prevent any shortage of raw materials, under which a payment policy has been established in order to prevent any shortage of financial liquidity faced by large vendors. We give them motives to supply more raw materials, with handling charges, which will be paid upon the completion of the delivery, offered at a special rate on top on the ex-factory rubber price. Payments for these raw materials will



be clearly scheduled, and communicated in writing to the business partners on the date they are recorded as our new partners.

Accounts payable. We are determined to maintain our strong long-term relationships with our creditors, based on trust we have for each other. Debt repayments are correctly, transparently, and verifiably made, as provided in the financial report.

Trade competitors. We commit no deliberate act with intention to discredit our trade competitors.

Employees. We evaluate our employees' performance and progress on a regular basis, and pay compensation that is fair and that corresponds to their knowledge, ability, experience, position, and responsibility, in several aspects. We encourage training for our employees in order to raise their potential. We evaluate the performance of each employee by taking into account our operating results, and economic and social circumstances. We have reasonable employee welfare programs, and provide appropriate benefits, which are comparable to those provided by other companies in the same or similar business sectors.

Communities and society. We encourage the development of social responsibility (CSR) models; support and promote activities that are intended to maintain valuable traditions, culture, and traditional practices; act as a good religious person and provide support for religious activities on a regular basis; and invite, and have opportunities open for, other organizations to participate in our undertakings. As we place importance on education for the locals, we cultivate a love of reading; renovate libraries and improve the quality of books available there; and ensure that schoolchildren have access to their libraries. We also improve local schools in other aspects, as we work to encourage local youths to love their hometown and be ready to develop and improve their communities when they grow up.

Government agencies. We strictly comply with applicable laws, and give our support for projects that are initiated by the public sector in the public interest.

Media. We disclose and publicize information and updates that are accurate, relevant, moral, ethical, and up-to-date.

Environment. We have a policy to transform our establishment into a "green factory," and have begun our waste segregation campaign. Segregated waste will be sent to external parties for further processing and for the production of products. We also have a policy to expand green areas in the province, under which we plan to work with Buriram Province in a forestation project in the near future.



2.3.1.10 Information security risk

We place importance on information work systems. Today, amid technology advancement, we are more exposed to its effects, which may emerge in a variety of forms, such as hacking to steal material information or access the Company's internal data, and attack with a virus. These attacks cause a "confidentiality and personal data breach," which refers to leaks of important operational information or personal data of interested parties, such as agreement parties and business partners.

Risk management

We are aware of information security risks, and value the safety and security of this information. We place importance on preventive action in order to control potential risks exposed by information work systems, which may affect business continuity, confidence, and organizational image. We review our information technology policy; determine segregation of duties; designate access rights, with passwords required; and prioritize necessity to use that information. We have automatic database backup, and backup storage within and outside the Company. Our data storage facilities are controlled with the lock, with its key kept in a safe and secure place. Closed-circuit television (CCTV) cameras are installed for the purpose of surveillance in the event of attack or theft. We use legal system software and basis software (those with copyright duly obtained), and enable automatic security systems. Access rights to our employee databases must be determined. Activity logs are reviewed, and back-ups are examined on a regular basis.

In addition, we value and strictly comply with the Personal Data Protection Act (PDPA), B.E. 2562 (2019).

2.3.1.11 Workforce risk with regards to executive positions

In our operations, duties and responsibilities are determined according to one's work function, and the deputy chief executive officer (deputy CEO) in each work function reports directly to the chief executive officer (CEO). Therefore, anyone in an executive level position plays an important role for the Company. Any change, modification, or shortage of these individuals, or prolonged vacancies, may cause problems to future operations. In the meantime, we rely on those with expertise in the rubber industry. As agricultural product standards have been established for the manufacturing of processed rubber, we need specialists to examine the quality of products that will be sold to customers to ensure their fulfillment of the established standards, and satisfaction of customer demand. We also test the quality of the rubber for which a license (issued by the Department of Agriculture, the Ministry of Agriculture and Cooperatives) is required for the Company to become the operator of rubber quality analysis and testing. In order to be authorized to issue product certification for a customer for resale, the person performing the test must obtain a training certificate with regard to rubber testing.



Risk management

We have enhanced our professional management, with duties and responsibilities clearly delegated to executives and employees in each work unit. In our operations, we have an organizational structure and approval hierarchy that encourage the decentralization of management power and checks and balances. To ensure efficient operations both at present and in the future, we have a management structure under which each position is clearly and properly segregated, taking into account the individual's knowledge and ability. We also have a succession plan to ensure that the succession of key positions in the management aligns with the mission, vision, objectives, and goals with regard to the Company's business operations, and conforms with the established plan. For other important positions, such as rubber QA officers, we work to ensure that the sufficient number of people will be recruited, and minimize our reliance on a specific person. We train and educate our employees in order that they can work in place of one another, in order to reduce risk from labor shortage. The Company's executives in each work function have the power to make decisions, in accordance with their given authority, which will help minimize risks. Besides, we have a policy to recruit skilled and able executives and employees, in line with our expansion at present and plans to expand our businesses in the future, to promote solid and stable growth for the Company in the long term.

2.3.2 Manufacturing risk

2.3.2.1 Risk from lower than expected demand for rubber

The Company carries out the businesses of manufacturing and supplying products made from natural rubber, and processing rubber. The key raw material used in the manufacturing is rubber, which is a commodity. As rubber is an agricultural product obtained from a rubber plantation, its production depends on the following factors.

1. **Climate change.** In a year of severe drought or excessive rainfall causing floods in the rubber plantation, rubber production decreases. During a storm, in particular, which influences the amount of rainfall, the volume of rubber obtained through tapping will be affected, resulting in the insufficient supply of rubber, and consequently driving the price of natural rubber to rise.
2. **Rubber production.** Rubber trees stop producing rubber from March to May, as they are deciduous. During the closing of the tapping season, rubber farmers halt their rubber tapping, resulting in a decrease in rubber production, and consequently a decrease in rubber supply to the market.



Risk management

We are aware of risk from lower than expected demand for rubber, and therefore we have a policy to store sufficient raw materials for our planned manufacturing to ensure that our products would be delivered to customers at the scheduled time. Raw materials will be ordered to ensure sufficiency for manufacturing at least for a three-to-five-month period, based on purchase orders received with future deliveries scheduled, to prevent the risk of shortage and the risk of fluctuation in the costs of raw material. We monitor information and news updates from competent agencies with regard to weather forecast, and keep watch on the volume of rubber supply in the market on a regular basis. To diversify risks, we also procure rubber from vendors in different areas, in addition to those in the North East.

2.3.2.2 Risks from the lease of land to use as energy crop plantation

We have a biogas project, which produces gas as alternative energy for use in the Company. To produce energy in the project, energy crops are used as raw materials. Therefore, we grow Napier grass and corn on land that is owned by the Company's executive/major shareholder, and external parties. These plots of land have been leased to the Company under lease agreements, on the same conditions as they would be provided in other normal lease agreements, and at arm's length rent rates. However, on some plots of land, the lessor is simply the user of the land, while some cannot be proved with a proper certificate of ownership, such as a title deed [the only certificates issued for the land are Por. Bor. Thor. 5, Nor. Sor. 2 (certificate of subscription), and Nor. Sor. 3 Gor. (certificate of use)]. Even if the Company has entered into a lease agreement, with regard to the land, with the lessor, the agreement may have no binding effect. We have measured all of the leased land owned by the Company's executive/major shareholder, and a certificate of ownership has been officially issued to certify that the lessor has the right to occupy the land. We have also engaged a law firm to conduct legal due diligence, whereby all relevant agreements and documents were looked into. The law firm is of the opinion that the agreement between the lessor and the Company is binding, although the only official right for the lessor to occupy the land is that vested in them under Nor. Sor. 2. However, despite the binding effects of the agreement, we still have risks, as the permission granted by the authorities to occupy and use the land has been given on a temporary basis. If the authorities make any amendment to the land use policy, this temporary certification could be revoked, and as a result we may need to look for new plantation areas for our energy crops.

Risk management

We have analyzed the situation, and are of the opinion that it is highly unlikely that the authorities will modify the land use policy (in order that the land will be used in the public interest), because there are a number of land plots with the same characteristics, of the same type, and in the same area, as those of the



leased land, with farmers making their living through agriculture on these other land plots. Besides, the leased land is situated far from the center of the province, and far from communities, making it unsuitable for activities other than agriculture. Therefore, we believe that it is very unlikely for the land to be used by a government agency. In addition, if that does happen, we can still lease another land plot near the factory location for use as a Napier grass plantation, and we can also turn to other agricultural products, such as waste derived from the manufacturing of tapioca flour. Therefore, there will be no material effect on the Company.

2.3.2.3 Risks from synthetic rubber as a substitute product

We are the manufacturer and processor of products from rubber, a natural substance that is both strong and flexible. However, we are now facing risks with regard to synthetic rubber, which can be used as a substitute product. As a result of advanced polymers, synthetic rubber with similar or comparable attributes to those of natural rubber can be achieved. Synthetic rubber has been developed with improved attributes, and there are multiple types of synthetic rubber to better satisfy user demand. If demand for synthetic rubber for use in place of natural rubber, or if there is a change in market demand, such as higher demand for rubber, the fluctuation of the price of natural rubber, and the rising price of natural rubber when compared with that of synthetic rubber, the Company may be exposed to risks from this substitute product, which may result in a decrease in its sales revenue.

Risk management

We have constantly assessed these risks, and we are convinced that in the short or medium term, manufacturers of car tires will rely more on natural rubber, thanks to some better attributes that make it more suitable for car and truck tires and cannot be replaced by synthetic rubber. Natural rubber is an effective electrical insulator, has low friction, and is better resistant to inorganic substances, such as acids, salts, and alkalis, than synthetic rubber. Therefore, risks from synthetic rubber as a substitute product remain limited in the short or medium term. However, our risk assessment continues, and we conduct research and development on a variety of products that can or may be made from natural rubber to ensure the product quality, and that our customers will constantly demand our products.

2.3.2.4 Risks from manufacturing interruption and business interruption

In our business operations, natural rubber is used in the manufacturing process. The products will then be put up for sale. Every day machines are used in the manufacturing of products. To produce each product, raw materials will be put into the following procedures: shredding, grinding, washing, oven-heating, and moulding. Each procedure is therefore of utmost importance, and any malfunction or interruption, either by an external factor (such as that caused by a natural disaster), or internal factor (such as a malfunction of a machine or public utility, including power and water supply, and labor shortage), that occurs in any procedure in the manufacturing process may cause damage to the entire manufacturing line.



Risk management

We communicate and coordinate with the Provincial Electricity Authority (PEA) with regard to power interruption, and we have asked the PEA to give us prior notice, with the specified date and time, to ensure that a proper work plan can be prepared, and that the manufacturing process will not be affected.

We are aware of risks from manufacturing interruption and business interruption, and therefore strictly follow the established work procedures and methods. To ensure manufacturing continuity, we arrange for scheduled and planned maintenance, and spare parts are prepared for any replacements that may be required before any damage occurs.

2.3.2.5 Risks of workplace accidents

As we carry out businesses as a manufacturer of natural rubber, machines, tools, and instruments are engaged in every work procedure. Therefore, accidents may happen to any operating personnel, making it unsafe to work, or possibly causing a loss of an important organ. These days, several businesses are affected by these workplace accidents, which can sometimes be so severe that they cause a loss of a company's personnel.

Risk management

We have set long-term plans in order to achieve a zero-accident goal with regard to accidents that cause injuries to our staff. We have control measures in place in order to minimize workplace accidents, including the implementation of work and workplace standards equivalent to international standards; raising awareness of safety and security until it has become part of the employees' work routines; and the assessment of our safety and security in order to identify risks or dangerous spots, to ensure that they will be dealt with before any accident occurs. We have security management systems covering several aspects, such as the security of the manufacturing process. These systems will be reviewed and revised on a regular basis, and will constitute a core foundation for company-wide action.

We have implemented an occupational health, safety, and environment management mechanism, in accordance with the ISO 45001: 2018 standard; and arrange activities that encourage safety and security, and promote safety culture transformation on a regular basis, through an activity called "Morning Talk," which is arranged in the workplace to express our emphasis on safety and security, and our care for our working staff. Through risk assessment, we can identify threats and implement preventive measures in advance. We include training on occupational health, safety, and environment in our staff onboarding, and have established principles for reviewing necessary training plans with regard to safety and security, and fire prevention and suppression, to ensure that they are suitable for each position, job description, or risk activity. We have prepared training plans, which will be complied with, assessed, and recorded, and the training history will also be maintained, in order to enhance knowledge, ability, and understanding about what is potentially dangerous, and what may cause accidents, as well as how to prevent and get these dangers under control during the work. This is to ensure that our employees can accomplish their assignments in a safe workplace environment.



2.3.2.6 Risk from water scarcity

As we are a manufacturer and processor of products from rubber, water is used in each manufacturing procedure, and constitutes an essential and indispensable element in the manufacturing process. The larger production capacity, the need for water becomes greater. During the climate change these days, water has become insufficient, and its quality has changed. Without a proper water use plan, or effective water management, water scarcity may occur, and our business operations (both in terms of manufacturing and cultivating energy crops), may be affected by a lower amount and lower quality of water, which may affect the quality of our products and energy crops (used as raw materials).

Risk management

For every manufacturing procedure, we have set a water usage limit, and the amount of water consumption is recorded for analysis. Continuous plans have been established to control water consumption. Wastewater is reused, with standard wastewater treatment and water quality assurance conducted on a daily basis before it is brought back into the manufacturing process. In addition, we have a groundwater well to reserve water for use in the facility (we are permitted by the Department of Groundwater Resources to use groundwater), and a natural pond that can preserve a large amount of rainwater.

2.3.3 Financial risk

2.3.3.1 Risks of currency fluctuation

We export our products to multiple destinations, including China, Singapore, Hong Kong, and India. In 2023, our export revenue accounted for approximately 35% of our total sales revenue. Most of our exported products are sold in US dollars, whereas all costs of our goods sold are baht-denominated. Therefore, any severe fluctuation of the exchange rate regarding the dollar against the baht may have a substantial effect on our revenue.

Risk management

We have a hedging policy for risks of currency fluctuation through forward contracts, which will be made in accordance with the following two situations: 1) in baht depreciation, where the forward rate is higher than the rate provided in a sale contract, the value of forward contracts will account for 70 to 100% of the overseas sales revenue; and in baht appreciation, where the forward rate is lower than the rate provided in a sale contract, the value of forward contracts will account for 60 to 90% of the overseas sales revenue. Exchange rates involving any currencies used by the Company in its operations will be closely and regularly reviewed and monitored, while the time set for a forward contract will be monitored to ensure it is reasonable.



2.3.3.2 Risks with regard to capital liquidity and sufficiency

We have a policy to store raw materials and inventories sufficient for a three-to-five-month period, based on the sales and purchases as agreed with customers in advance, in order to prevent the risk of raw material shortage and the risk of fluctuation in the costs of raw material. To this end, we need a large amount of working capital for the procurement of raw materials and the storage of inventories to ensure their sufficiency, resulting in the increasing value of our accounts receivable and the increase in inventories each year, in line with higher revenue; and in a high amount of cash spending in operating activities. Therefore, we are exposed to risks from capital shortage, which may affect our operations, and need to seek sources of funds to provide us with working capital for our operations, including short-term loans from financial institutions, such as overdrafts, packing credit loans, and promissory notes (as major sources of working capital), and through the issuance of financial instruments, such as stock warrants and bonds.

Risk management

We rely on internal working capital, which is obtained from our net operating profit, and on short-term loans from financial institutions and through the issuance of financial instruments. We have always repaid the debts at the scheduled time, and also look for additional sources of funds to ensure financial liquidity and capital sufficiency in our business operations. We estimate working capital that may be needed to ensure the availability of our sources of funds. We can also rely on other financial instruments, such as through the issuance of bonds, as additional ways to help with capital management and liquidity boost.

2.3.3.3 Risks from fluctuation of interest rates with regard to loans from financial institutions

At present, we take loans from financial institutions as a major source of working capital in our business operations, with different interest rates offered, according to the types of loans. In addition, these rates are floating rates, which change in line with the costs incurred by the financial institutions and the economic condition, and are in such a substantial proportion that they can have an effect on our operating performance.

Risk management

To reduce risks from fluctuation of interest rates with regard to loans from financial institutions, we have a plan to decrease our dependence on loans from financial institutions, and rely more on our internal working capital and capital obtained through the issuance of financial instruments, such as bonds with a fixed rate. We also keep close and constant watch on the economic situation and monetary policy issued by government organizations.

2.3.3.4 Risks from breaches of the terms and conditions of bonds

We issued bonds in 2021 and 2022. As of 31 December 2023, the outstanding amount of bonds was THB 4,814.30 million, and the net debt-to-equity ratio was 1.26:1 time. We aim to maintain the net debt-to-equity ratio at no higher than 2.5:1 time, pursuant to the terms and conditions provided in the bonds issued. Therefore, if we continue to create debts that carry high interest burden until we fail to maintain the net debt-to-equity ratio as targeted, we may breach the terms and conditions provided in the bonds issued. However, we carefully and prudently manage our financial liquidity to ensure sufficient cash flow for the ordinary course of business and sustainable investment. We have neither history of defaults on payment nor breaches of any term or condition provided in the bonds issued.

Risk management

We carefully and prudently manage our financial liquidity to ensure sufficient cash flow for the ordinary course of business and sustainable investment. As we rely on our internal cash flow, short-term loans from financial institutions, and the issuance of financial instruments, we have a clean history of repayment, proving liquidity in our financial management. Interest liabilities are estimated in comparison with shareholder equity, in order to maintain the net debt-to-equity ratio to be in compliance with the terms and conditions of the bonds. We also plan to use a variety of financial instruments as additional ways to help manage our capital and interest liabilities properly.

2.3.4 Risks affecting the rights of, or investment by, securities holders and shareholders

2.3.4.1 Risks from operations that rely on one key executive and major shareholders

Mr. Chuwit Jungtanasomboon is the founder of the Company and has been its key executive since 2006. He is also a director, authorized director, the chief executive officer, and a major shareholder, holding 27.34% of the Company's total shares sold. Mr. Chuwit Jungtanasomboon has been the key executive for the Company for 17 years. He has knowledge, expertise, and experience in the business. With his vision, he is directly responsible for making policies for the operations of the Company's core businesses, and therefore, any change of the key executive may cause problems for the Company's future operations.

In addition, the Jungtanasomboon family is the major shareholder of the Company, holding 35.81% of the Company's total shares sold. As a result, they may exercise their right to object to or reject any agenda item at a shareholders meeting that, under the Company's Articles of Association or applicable law, requires at least three-fourths of the total number of votes represented by shareholders present and having the right to vote.



Risk management

We have established professional management practices, with duties and responsibility clearly delegated to other executives and employees in each work unit. We have an approval hierarchy manual, which explains the approval process in various aspects of operations, to ensure the decentralization of management power, and checks and balances, and a management structure under which each position is clearly and properly segregated, taking into account the individual's knowledge and ability. We also have a succession plan to ensure that the succession of key positions in the management aligns with the mission, vision, objectives, and goals with regard to the Company's business operations, to ensure our business continuity.

2.4 Emerging risks

The implementation of strategies, with the aim to fulfil the Company's goals, is the key to the achievement of the Company's long-term objectives. However, due to rapid changes and volatility in the business environment that may place barriers on the journey to successful strategies, the following emerging risks, which may have effects on our business operations, are included in our risk management.

2.4.1 Investment risk

Our investment plans are intended to boost competitiveness, and business growth and sustainability in the long term. We place importance on the management of risks that are relevant to investment, in terms of the selection of projects to invest in, the evaluation of investment worthiness, the selection of technologies, and the management of resources. Economic uncertainties at present, including the world economic situation, domestic economy, inflation, and interest rates that are likely to be raised, are posing more challenges to our investment and how we allocate our investment to be in line with the Company's goals and strategic direction.

Systematic risk management

We have measures to manage investment risk, whereby investments will be allocated and investments plans will be prepared to ensure alignment with the Company's goals and strategic direction. With these measures, our investment generates healthy profits and improves investment capacity, while financial liquidity is carefully and prudently maintained, from the search for investment opportunities, to asking for investment approval through the audit committee, in accordance with the Company's investment governance process. For a large investment project in which a large amount of money is involved, the risk management committee will take part in the consideration, and will offer advice and opinions regarding the sufficiency of risk assessment and risk management, to support the board of directors with information when they make decisions on their approval. The progress of an investment project will be systematically monitored to ensure that our investment goes as planned, and an accomplished project will be evaluated with the aim of continuous improvement of



our project management and the development of future projects. Issues about sustainability, including those regarding environmental technology and reduction of greenhouse gas emissions, will be taken into account, with the aim of increasing opportunities to invest in businesses that enjoy long-term growth and sustainability, and generate health returns, and with investment models that reasonably respond to the situation and new normal trends.

2.4.2 Disruptive technology risk

Digital technologies are likely to see further rapid development. The emergence of "new norms" after the COVID-19 crisis is accelerating the search for, and adoption of, emerging technologies in order to improve flexibility, competitiveness, business diversity, and new business opportunities. Technological advancement may trigger a change to, or a replacement of, existing business models, manufacturing processes, work procedures, or products; this is so-called "technological disruption." Some examples of disruptive technologies that may have effects on the Company are artificial intelligence (AI), robots, 5G, advance data analytics, and the development of industrial smart factories. Although these technologies help to improve the efficiency of operations and manufacturing processes, they may affect our competitiveness in the long term, if we fail to adopt them in a proper and timely manner. On the other hand, the use of manufacturing innovations and technologies such as 3D printing, to better satisfy customers, will give us advantages over our competitors.

Systematic risk management

We have set goals with the aim of enjoying the benefits of technology in our preparation for any future changes, improving our competitiveness, and seeking new business opportunities. We have established guidelines for seeking opportunities and learning regarding emerging technologies, in order to promote business growth and encourage access to, and learning of, emerging technologies that will maintain the competitiveness of our existing businesses and technologies that nurture our sustainability-related ambition. We have established cooperation in the study and trial of technologies, in order to improve operating efficiency and reduce operating costs. We study, monitor, develop, and improve the technology adoption process so as to improve the competitiveness of our existing businesses, and build upon, or add value to, our existing products to maintain their competitiveness. Technologies are introduced for better operating efficiency and organizational transformation. The purposes and consequences of technology adoption can be divided into three levels, as detailed below.

- 1) To primarily improve efficiency and productivity.
- 2) To primarily change work processes and methods, and use advanced data analytics.
- 3) To primarily create new business opportunities, or change existing business models.



2.4.3 Cyber threats and data security risks

We aim to become a data-driven organization. As we are getting ready for a more highly complex and uncertain business world, to improve our competitiveness and flexibility, we have relied more on digital technology and the Internet of Things (IoT) in our work routine, meetings on online conference platforms, the application of robots, the storage and management of data on the cloud, and the use of AI to design and manage supply chains. On the other hand, new techniques and new forms of cyber threats have emerged, with the world's viral trends being used more for cyber deception, which may trigger risks of cyber threats. For example, a manufacturing process and operating network that are connected to the Internet may be interrupted, and the interruption may cause a leak of important data used in operations, or the personal data of a partner (so-called confidentiality and personal data breach), or important data used in the recovery of operating systems. Therefore, we place importance on systematic risk management regarding cyber threats and information security, and we work to ensure our compliance with applicable law and regulations, including the Personal Data Protection Act and the Cyber Security Act. Failure to manage these risks will affect our business continuity, reliability, image, or reputation, and may lead to lawsuits and claims filed for large amounts of compensation against and from the Company.

Systematic risk management

We have established and maintained essential measures in place to prevent and minimize effects from cyber threats. We have prepared and announced our regulations, and established organizational practices on IT security, to ensure the efficient use of information systems and networks. Infrastructure has been developed, and IT security mechanisms have been established, for use in the information security management, and monitoring and prevention of any emerging threats, both for office functions and factory systems. Systems are inspected and assessed on a regular basis, to ensure that proactive preventive measures will be put into place before there is any attack. Preparations, as well as plans for information system recovery, have been made and are maintained for any cyber attack, to ensure that we can respond to incidents in a timely manner, and therefore reduce potential damage to the information system. We have an information security management system and asset security practices that fulfill relevant international standards, and raise awareness of cybersecurity regarding the current situation and emerging threats, amid the surge in the use of technology. Among these mechanisms are the continued education for our employees about the possible characteristics of attacks; how to respond to, and prevent, these attacks; and applicable information technology law, to encourage the employees to stay cautious and use information systems more carefully and keep themselves informed of news and updates on laws and regulations that are relevant and applicable to IT security. We are considering establishing technological systems to support the management of personal data that is in our possession, to ensure compliance with applicable legal provisions, while also communicating with, providing training for, and raising awareness and understanding among, our employees.



1.4.4 Risks relevant to climate change and low-carbon society

Over recent years, the effects of global warming and climate change on the environment, society, and the economy have intensified, amid global cries for cooperation from all sectors to come up with concrete solutions to climate change and global warming issues. Just like other countries that are driven by the move, in Thailand, the public and business sectors have implemented policies and set goals with the aim of reducing greenhouse gases. Businesses have paid attention to sustainable business operations, with the aim of achieving a low-carbon society, with reliance on renewable energy, clean technology, and more efficient reuse of resources within the value chain. New trade laws, rules, regulations, and conditions regarding these issues have been broadly implemented, including laws or regulations that aim to resolve environmental issues – which include carbon taxes, emission trading schemes (ETS), and rules relevant to carbon footprint that may be referred to in the establishment of stricter industrial standards in several countries. In the meantime, the carbon border adjustment mechanism may have effects on exports, while changing consumer behavior and market trends may pose challenges to our operations. We are also exposed to risks regarding the costs of business operations in the early stage of transformation, due to investment in low-carbon and environmentally-friendly technology and the higher costs of raw materials, as we are becoming an environmentally-friendlier business and relying more on renewable energy.

Risk management

We aim to reduce our greenhouse gas emissions from those in the base year of 2021, and to achieve carbon neutrality by 2030, through the improvement of, or modifications to, processes and instruments; the use of technology to improve manufacturing efficiency and the cost-effectiveness of energy efficiency; research and development with the aim of reducing greenhouse gas emissions; and less reliance on energy sources that release a high amount of greenhouse gases, and more reliance on renewable energy (solar energy and biogas energy) to replace traditional energy consumption and to reduce the emission of greenhouse gases in Scope 1 and Scope 2. We have set goals, and we are working to create networks, provide education, and cooperate with other business partners and support one another in the value chain, with the ambition to reduce greenhouse gas releases.





SUSTAINABLE BUSINESS DEVELOPMENT

3.1 Sustainability Management Policy and Goals

It is our policy to carry out the business operations with consideration for all stakeholders in the value chain. We adhere to the principles of good corporate governance, business ethics, legal compliance, and utmost responsibility to society and environment in order to ensure sustainable development in all dimensions.

In recognition of the importance of responsible business conduct, promotion of good quality of life, the utmost satisfaction of all stakeholders, whether they are customers, employees, suppliers, society as a whole, or communities, and the development of sustainable business, we integrated sustainable operations goals for our operations strategies with regards to the raw material procurement process, the manufacturing process, increased performance efficiency, and value creation, among other things, in collaboration with our stakeholders. In this regard, the scope of corporate management was determined in conformity with international standard practices, with explicit strategies and goals for operations in the following dimensions.

3.1.1 Environmental dimension - Development of a management process which is eco-friendly and promotes a circular economy

In acknowledgement of the importance of the circular economy, we focused on the management of waste from the manufacturing process and consumption waste, for instance, by recycling raw materials used in the manufacturing process or consumed in the manufacturing process or by reusing them, and the development of clean energy, which may reduce negative impacts on the environment and increase positive impacts on the economy.

Goals and commitments for the NER environmental dimension

1. Resource optimization
2. Effective water management, by treating and recycling manufacturing waste water for reuse in the manufacturing process
3. Raising employee awareness of the significance of environmental protection
4. Reduction of greenhouse gas emissions to achieve carbon neutrality

3.1.2 Social dimension – Commitment to becoming a learning organization to encourage employee bonding and development through systematic learning

We regard our employees as our family, and believe that taking good care of our family members is the key to organizational success. Accordingly, we placed a priority on building a learning organization through the development of our personnel at all levels by emphasizing continuous improvement of the knowledge, skills and capabilities of employees for sustainable mutual growth.

Goals and commitments for the NER social dimension

1. Non-discrimination and equality on the basis of race, color, religion, sexual orientation, and support for people with impairments to ensure better quality of life for all employees
2. Personnel development, by creating a plan for continuous training
3. Workplace wellbeing, health and safety management
4. Community development operations, and the provision of support, assistance, and volunteering for activities beneficial to the community to improve wellbeing and environment in the community and society

3.1.3 Economic dimension - Advancement of innovations to deliver quality products that meet customer requirements

We realize the importance of changing thinking regarding innovation, which will enable efficient adjustment of the business operations to all kinds of changes in these times, and focused on traceability and the increase of channels of access for farmers.

Our goals and commitments for the economic dimension

1. Development of manufacturing innovations, including other innovations enabling access to farmers to provide further convenience for them
2. Efforts to improve efficiency and achieve "excellent" scores on the corporate governance assessment
3. Sustainable supply chain and procurement management



3.2 Corporate governance and ethics

The board of directors has arranged for the annual review of good corporate governance. The code of conduct and ethics were incorporated as crucial sections of this review to ensure that our directors, executives and employees will perform their duties with honesty and in good faith, comply with laws and regulations, adhere to the rule of law as well as the principles of transparency and integrity, keep the shareholders, customers, and suppliers in mind, demonstrate responsibility to employees, the community, society, and the environment, and take all stakeholders into consideration. Information on our code of conduct and ethics is as shown below.

Section 1 Code of conduct for board of directors, executives, and employees

Section 2 Business code of conduct

Section 3 Anti-corruption and complaints

(For further details, visit our company website : www.nerubber.com)

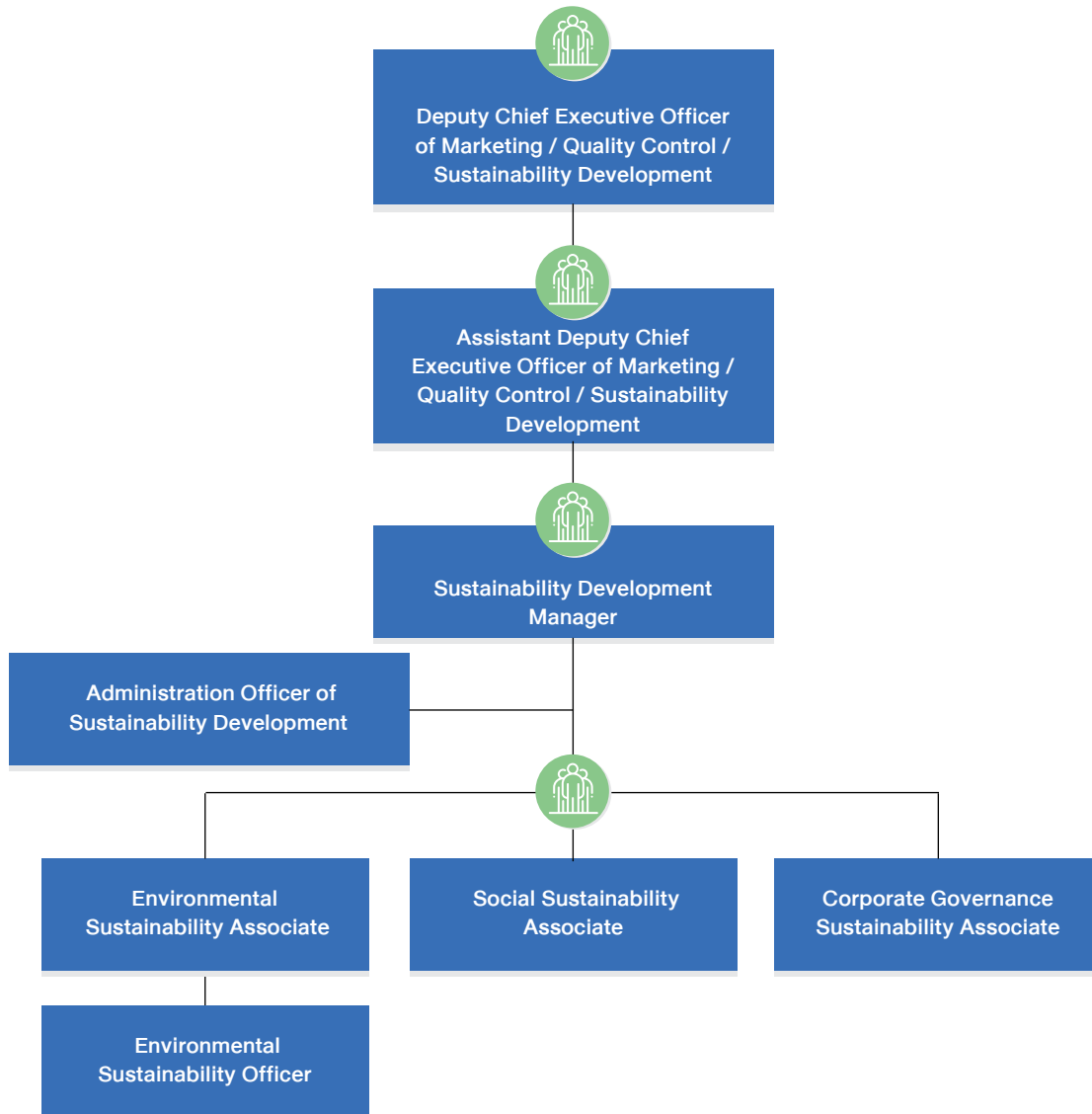
We also promoted sustainable business operations and mutual growth among the suppliers by taking the environment, society, and corporate governance into account. In this regard, the Supplier Code of Conduct was established as a practice guideline to ensure that business operations comply with the regulations, the laws, and our code of conduct. A working group on ESG sustainability development and management was established in 2022. Its duties and responsibilities were determined in accordance with the sustainability management and development policy to ensure effective allocation of the scope of responsibilities.

In 2023, we made a change to our organization structure by introducing the Sustainability Development Division into the organization chart to ensure more distinct and effective performance, and to raise awareness and understanding of the employees in all sectors on the key principles of sustainable organizational development, including by creating projects or activities in order to achieve our objectives and goals on sustainability development.



3.3 Impact Management on Stakeholders in the Value Chain

ESG Sustainability Development Division Structure



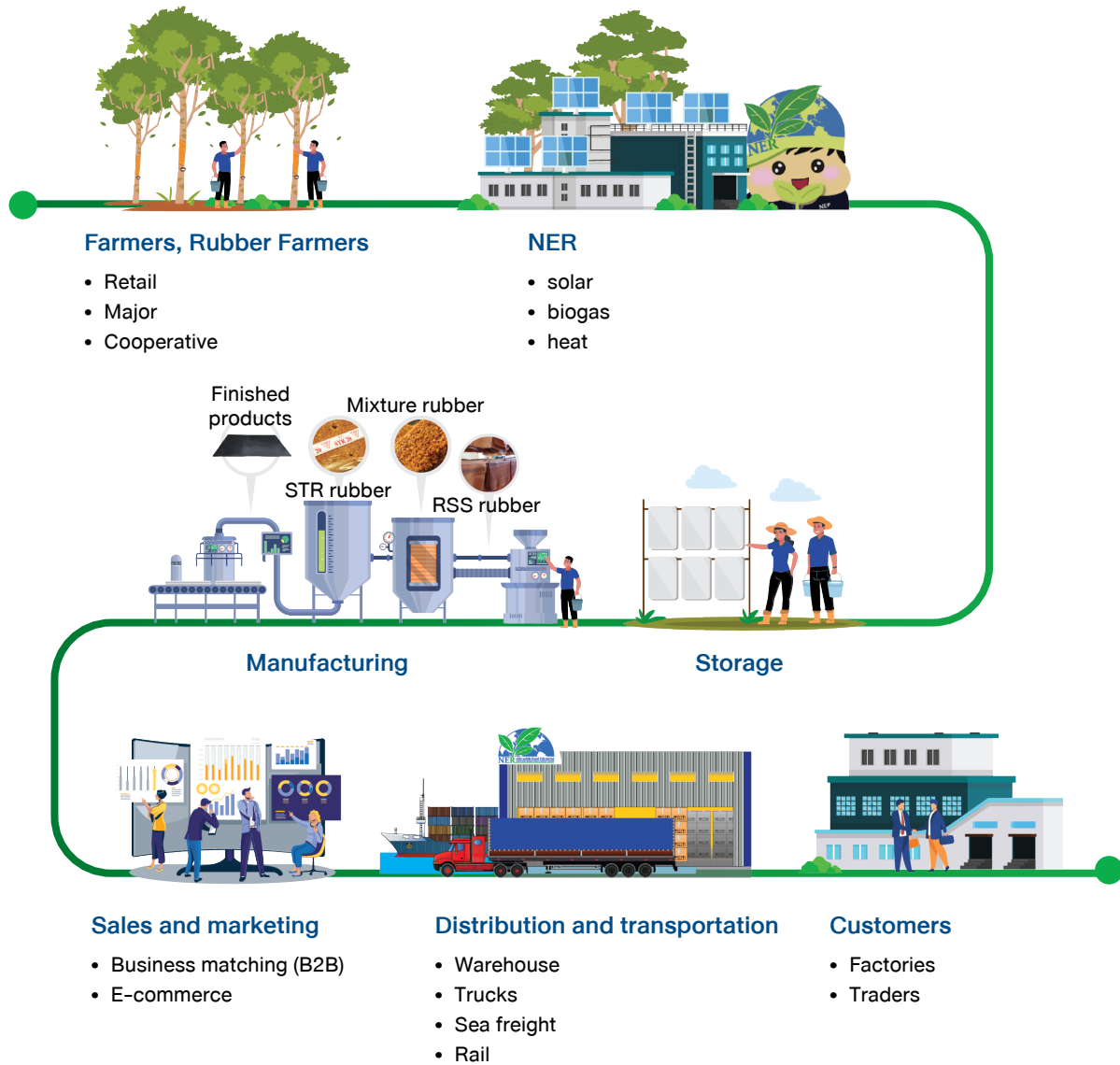
Sustainability Collaborative Network and Partnership

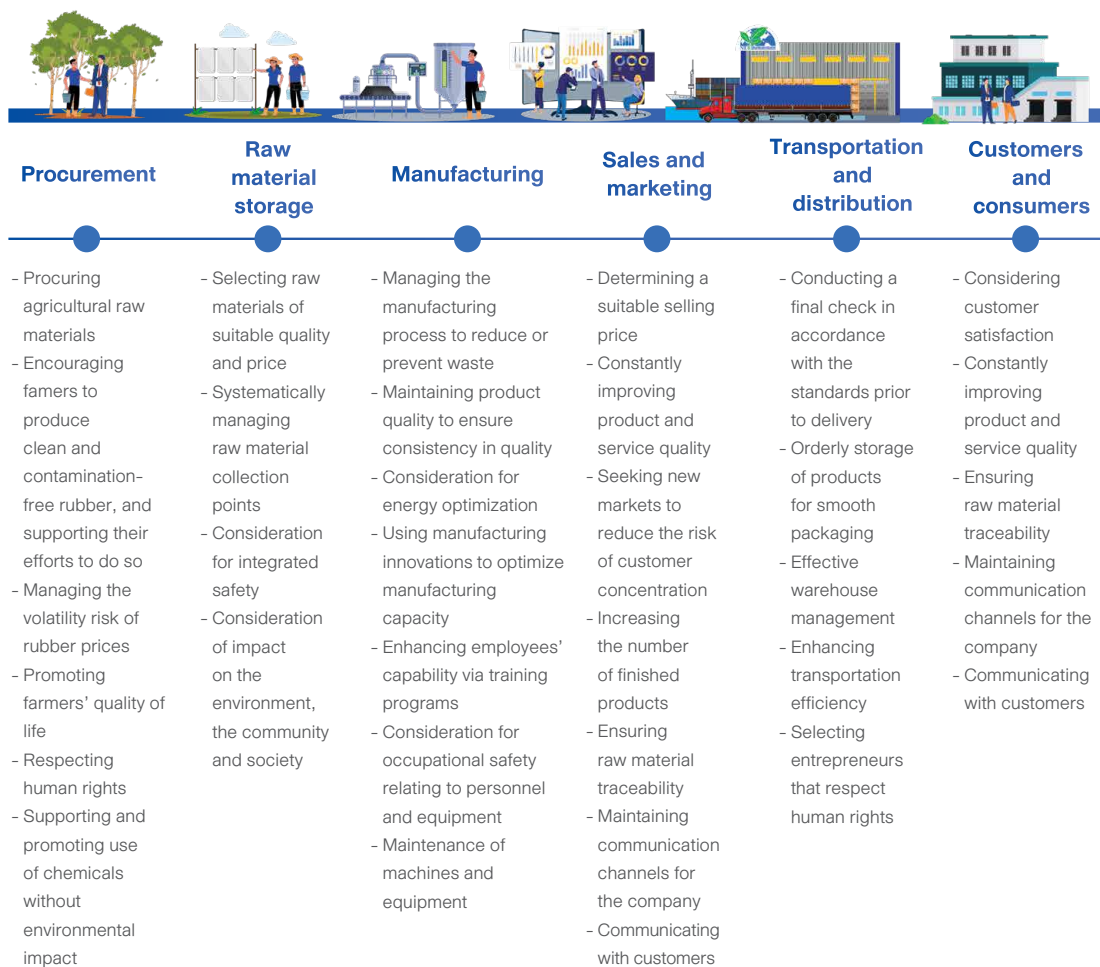
| | | | |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|  |  |  |  |
| The Federation of Thai Industries | Thai National Shippers' Council | The Federation of Thai Industries, Buriram Province | The Thai Rubber Association |
|  |  |  |  |
| Thailand Management Association | Thai Renewable Energy Association | Thailand Carbon Neutral Network | |

3.3.1 Value Chain

Our information and analysis of the value chain is as described below.

Value Chain





1. Raw material procurement and sourcing

For efficient and sufficient production, we have paid attention to the sourcing of agricultural raw materials of good quality by encouraging farmers to produce clean and contamination-free natural rubber in order to meet our raw material quality standards, and supporting them in doing so, including by managing both the volatility risk of rubber price and the suppliers, while taking impacts on the environment, social responsibility and good corporate governance principles into account.

2. Raw material storage

We used an eco-friendly raw material storage system which is able to reduce air pollution. We also kept raw material storage safety in mind, and paid attention to the management of impacts on the community, society, and the environment.

3. Manufacturing process

We took due care and consideration in every step of the manufacturing process, and aspire to assure our customer that the delivered products will be of good quality. In this regard, we implemented innovations and technologies to improve the manufacturing process to ensure that the product quality meets international standards. Additionally, to take potential impacts of the manufacturing process on the community, society, and the environment into account, we established the community relations team to honestly and consistently monitor the impacts, develop prevention and solution guidelines, and build relationships with the surrounding communities.

4. Sales and marketing

We developed a customer sales and marketing plan by using the "Matching Order" strategy, and expanded the market to other countries by assuring punctual delivery and quality products and building a good relationship to ensure utmost satisfaction.

5. Product transportation and distribution

Our product transportation and distribution management system enables the timely and punctual delivery of products to both domestic and overseas customers. Furthermore, we kept the appreciation of human rights in mind when selecting entrepreneurs.

6. Customers and consumers

We made efforts into research and development for new products, and aspired to continually improve the quality of our products and services to ensure that the product quality meets international standards. Our traceability system allows prompt and punctual tracking from the sources of raw materials to the acceptance of delivery by the customers to ensure that the customers' requirements are met in a timely manner.

3.3.2 Analysis of stakeholders in the value chain

We analyzed needs and expectations based on information collected from related stakeholders in order to create an operational plan in response to their needs and expectations, and to determine channels for participation from every type of stakeholder. The analysis for both internal and external stakeholders is as follows:

| Stakeholders | Needs and expectations | Actions | Participation channel |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employees | <ul style="list-style-type: none">- Job security and career advancement- Good and appropriate compensation and welfare- Occupational safety- Appropriate workplace environment (such as odor and improvements to the factory area)- Adjustment to changes in our business operations- Work-life balance | <ul style="list-style-type: none">- Constantly promoting and developing employees' knowledge and skills- Appropriately improving welfare according to requirements- Implementing international operating standards such as ISO14001, 45001 | <ul style="list-style-type: none">- Employee participation surveys- Consideration of employees' opinions for developing a plan that takes their requirements into account- Complaint channels- Regular employee participation activities |



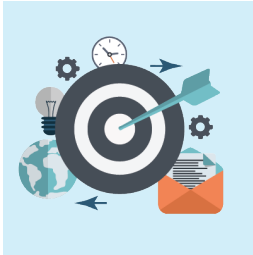
| Stakeholders | Needs and expectations | Actions | Participation channel |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Community and society | <ul style="list-style-type: none"> -Consideration of feedback from the community -Fair complaint management -Safe and responsible business operations -Participation in community activities -Promotion of knowledge for community members -Transparent operations -Income generation for the community -Raising people's consciousness on natural and environmental preservation | <ul style="list-style-type: none"> -Responsible business operations -Adopting technology and innovations in society, community and environment-friendly operations -Giving priority to legal compliance -Supporting job creation and income generation in community -Employing labour in the community where the business is operated -Promoting wellbeing and developing community, society, and local tradition and culture | <ul style="list-style-type: none"> -Visits by the working group to receive recommendations and complaints -Meetings with community leaders and government authorities -Surveillance and resolution of issues by the working group if they have impact on the community -Participation in activities promoting the culture of the community -Company complaint channels |
| Suppliers | <ul style="list-style-type: none"> -Quick, accurate, transparent and fair procurement process -Purchase of raw materials at prices satisfactory to both sellers and buyers -Provision of information on safety practices in the factory | <ul style="list-style-type: none"> -Complying with policy and practices on procurement -Providing occupational safety training to all suppliers | <ul style="list-style-type: none"> -Trainings and seminars with suppliers -Satisfaction surveys -Selection and regular evaluation of performance of suppliers and contractors |
| Customers | <ul style="list-style-type: none"> -Manufacturing products that meet standards -Compliance with sales agreements -Ability to resolve issues in an accurate, appropriate and timely manner -Customer confidentiality -Punctual delivery of quality products -Flexible conditions in sales contracts | <ul style="list-style-type: none"> -Developing eco-friendly and socially responsible products and services -Complying with ethics and the customer code of conduct -Implementing ISO 9001 and 14001 | <ul style="list-style-type: none"> -Regular meetings with customers -Communication channels -Customer satisfaction surveys |

| Stakeholders | Needs and expectations | Actions | Participation channel |
|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shareholders, analysts, fund managers, and investors | <ul style="list-style-type: none"> -Disclosure of explicit, up-to-date, essential, and necessary information on business operations -Regular dividend payment -Transparent business operations -Good internal control -Respecting shareholder rights -Equitable treatment of shareholders | <ul style="list-style-type: none"> -Complying with information disclosure principles -Operating a business consistent with our vision, mission, and goals -Making dividend payment to shareholders in accordance with the dividend policy | <ul style="list-style-type: none"> -Annual general meeting of shareholders -Analyst meetings -Activities with investors -Quarterly earnings reports -Disclosure of information on our website -Investor relations contact -Whistleblowing and complaint channels |
| Creditors | <ul style="list-style-type: none"> -On-time debt repayment to creditors and strict compliance with the conditions to avoid defaulting on debt payments | <ul style="list-style-type: none"> - The Company sets policies and guidelines regarding creditors, debt to equity ratio, collateralization conditions, and capital management. - For debt repayment, loans, interest, and collateral responsibility, the Company strictly adheres to various contractual conditions agree upon. - If there is any critical event which may affect the Company's financial situation, the Company must notify creditors to jointly seek for preventive measures and solutions in order to avoid damage. | <ul style="list-style-type: none"> -Tel. (044) 666-928-9 -Website www.nerubber.com -Facebook -Letter to the Chairperson of the Board of Directors or Chief Executive Officer |
| Related organizations | <ul style="list-style-type: none"> -Business operations in compliance with the laws, rules and regulations -Standard environmental management system -Cooperation with and support for government agencies | <ul style="list-style-type: none"> -Complying with the laws, rules, and regulations -Cooperating with projects of the government agencies | <ul style="list-style-type: none"> - Discussion sessions or hearings to receive opinions - Meetings, discussions, clarifications, and participation in projects |



Assessment of key sustainability factors

The process of assessment and analysis of key sustainability factors in the economic, social, and environmental dimensions is as follows.



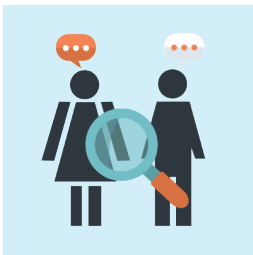
Key factor identification

The business-related sustainability factors in the environmental, social, and economic dimensions were identified based on the tendency, business operation strategies, risks, and management opportunities, and prioritized based on the expectations of stakeholders and the impacts on business operations. The analysis of these factors was conducted by identifying the stakeholders essential to the business and the nature of their relationship with the business.



Prioritization

The results of the analysis of each sustainability factor was plotted on the Materiality Matrix and presented to the Sustainability Nomination and Development Committee and the Board of Directors for further use in determining the goals, creating the operational plan, and reporting performance on sustainability. The priority of these sustainability factors would be reviewed through analysis and assessment to identify factors, and further assessment and prioritization of the identified factors.



Key factor verification

Upon verifying that the key factors had been completed, we proposed the assessment result for the key sustainability factors to the Risk Management Committee, the Sustainability Nomination and Development Committee, and the Board of Directors for approval in order to further determine the sustainability strategy and the organizational sustainability goals, and to see their approval for the scope of disclosure of information on key sustainability factors in the annual sustainability report, which has been published since 2022.

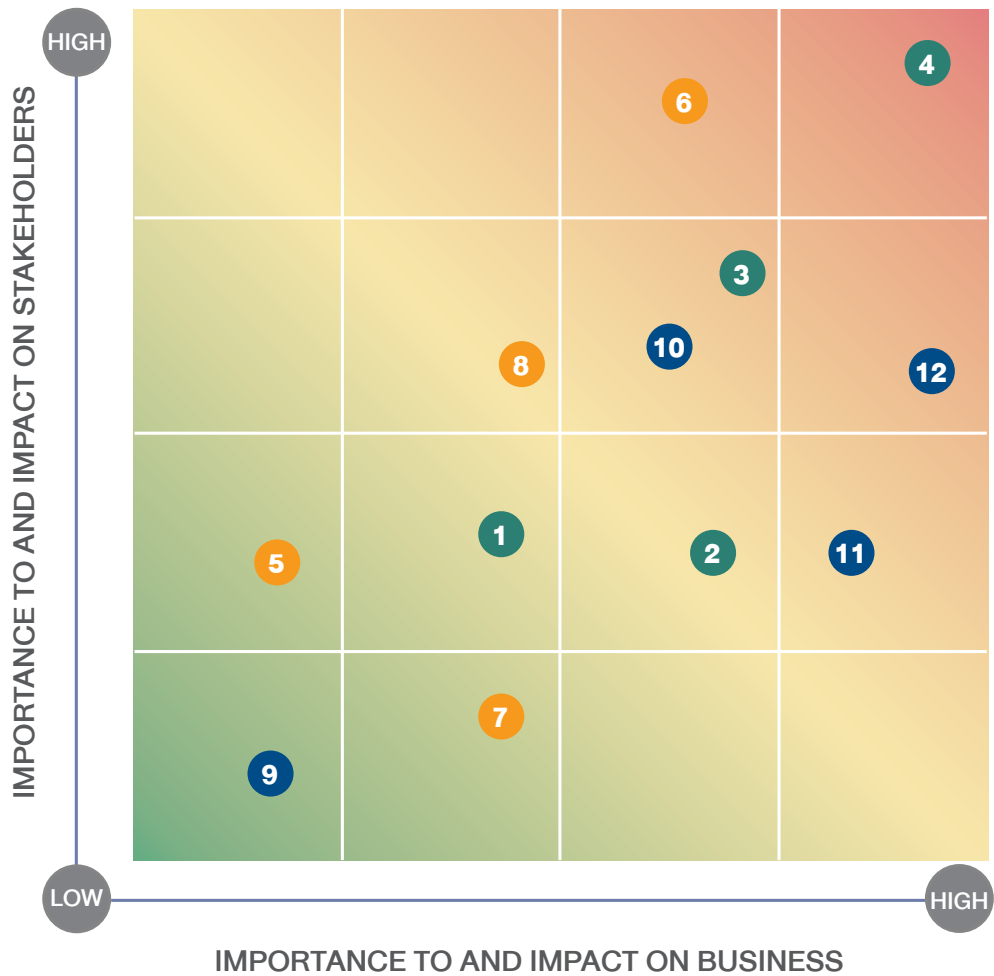


Consistent review and development

We continuously disclosed information and reviewed the key factors through the sustainability reports, and took the opinions and recommendations of all stakeholders for development and improvement of such disclosure into account to ensure that the disclosed information is accurate, full, and complete.

We also encouraged and promoted the participation of all stakeholders by prioritizing stakeholders and identifying and assessing the factors essential to the business which would be later prioritized in order to determine the sustainability management guidelines as shown below:

SUSTAINABILITY MATERIALITY MATRIX



MAINPOINT

ENVIRONMENT

- 1. Water management
- 2. Air pollution
- 3. Refuse and waste management
- 4. Climate change

SOCIETY

- 5. Human rights
- 6. Employee development
- 7. Health and safety
- 8. Community and social development

ECONOMY AND GOOD GOVERNANCE

- 9. Corporate governance
- 10. Innovation development
- 11. Selection of raw material sources
- 12. Organizational risk management

3.4 Environmental dimension of sustainability management

3.4.1 Environmental management policy

"To develop a management process which is friendly to the environment and promotes the circular economy"

In our endeavors to become a leading company in rubber manufacturing and sustainable development, we developed eco-friendly and zero-waste manufacturing, optimized our resources, recognized the importance of participation in finding solutions to global warming, reduced pollution emissions, and increased the alternative uses of renewable energy in order to add value to the products for the stakeholders, to achieve the utmost satisfaction of the customers, and to firmly express our responsibility towards the society and environment. We aim for genuine sustainable management and, in this respect, implemented management guidelines for the organization which meet the international standards on environmental management systems (ISO14001/EMS).

ISO 14001/EMS Environmental Management Policy

1. To design and implement the environmental management system for internal use and continuously improve the system
2. To prevent pollution and strictly comply with the laws, rules, and regulations on organizational environment
3. To raise awareness on the use of resources, energy, and water and the reduction of waste and refuse through the promotion of recycling

For further details on our environmental management policy, visit our website:

<https://www.nerubber.com/energy-and-environmental-care>

3.4.2 Energy conservation policy and practices

Energy conservation policy

With the resolutions of the Board of Directors and the executives to ensure that the company continues to contribute to the mitigation of the climate change impacts resulting from greenhouse gas emissions by implementing an energy conservation and management policy and using electricity in the most effective manner to ensure resource optimization and minimum environmental impact, we determined the scope of operations, encompassing all relevant manufacturing processes, including design, raw material procurement, manufacturing, product distribution and transportation, and both direct and indirect manufacturing waste management.

Energy conservation and management practices

The working group on energy management was established to ensure successful activities relating to energy conservation and management. The duties of this working group are to manage, control, supervise, and monitor energy management to ensure conformity with the Energy Conservation Act, B.E. 2535, analyze and



develop energy-saving and energy efficiency-enhancing measures, and develop alternative and renewable energy projects.

In 2023, we remain committed to electricity management because electricity fees are one of our significant production costs, and the prices of domestic on-grid electricity tend to increase continuously. Our key practices and operations on electricity management are as follows.

Increase of the ratio of renewable energy use in electricity generation




We operated two renewable power generation projects, as follows.

1. The NER 360 Degree Zero Waste Project - 4.38 MW EE power generation from Napier grass biogas

Renewable power generation is an internationally-recognized means of energy transition to achieve the net-zero goal. Therefore, the government has acted to promote energy management, environmental conservation, the energy burden reduction, and the value addition of manufacturing waste. This has been a major motivation for us to study biogas production, analyze the factory's power consumption, and develop a biogas production project. Initially, we developed a project whereby biogas will be produced and used as renewable energy to generate 4.38 MWh in total (per the production capacity expansion plan of the main factory), in the form of two projects, each with a generation capacity of 2.19 MWh. Different fermentation technologies were implemented to ensure the effective management of waste and raw materials. The raw materials suitable for the biogas production are easily biodegradable organic materials with other qualities suitable for anaerobic digestion. These raw materials include, for instance, food waste, organic waste, industrial and agricultural waste, and livestock and plant waste. Currently, Napier grass is mainly used as the raw material for biogas production, because it is an energy crop high potential for biogas production due to its high methane yield and low cost of cultivation. Once planted, this grass can be harvested three times per year and has a productive lifespan of four to five years. It also propagates easily and grows fast.

We have analyzed and assessed power demand in the manufacturing process since 2015, and subsequently developed a plan for the generation of electrical power with biogas derived from the fermentation of Napier grass, a potential energy crop that we can cultivate on our premises and the premises of neighboring community enterprises. The biogas gained from the manufacturing process was used as fuel in the STR manufacturing process and the electricity generation through the power generator.

The key direct benefits and co-benefits of this project are as follows.

-  Electricity generated from biogas can substitute for on-grid electricity generated from fossil fuels (natural gas and coal).
-  The purchase costs for on-grid electricity can be reduced.
-  Napier grass is a biofuel crop which can promote and support essential national policies, such as bioeconomy under the BCG national agenda, and the policies promoting the development of alternative and renewable energy.





The byproducts of the biogas generation system, such as soil conditioners, may be used in the agricultural sector. We distributed the soil conditioner to farmers in the communities, leading to an increase in the production capacity and a decrease in purchase costs for chemical fertilizers.



Napier grass biogas power generation project

2. The NER 360 Degree Clean Energy Project – 4.992 MWp of power generation from rooftop solar panels

In recognition of the significance of solar energy, which is a renewable form of energy that can be replenished from natural sources, a clean energy with zero emission of pollution from the generation process, and a high-potential energy for electricity generation in Thailand, we installed the solar panels which generate 0.99 MW electricity used as an alternative energy in the STR1 manufacturing process in order to reduce electrical power consumption in 2021. Later in 2022 and 2023, we installed additional solar panels, which generate 4 MW of electricity to be used as alternative energy in the RSS bales manufacturing process and the manufacturing processes for other products, so as to increase sustainability in the business operations. Consequently, we have a combined installed capacity of solar power of 4.992 MWp.



Rooftop solar panel power generation project

Energy efficiency improvement for the reduction of electricity consumption

We implemented guidelines on energy efficiency improvement for the reduction of electricity consumption, as follows:

- ✔ the promotion of energy conservation awareness raising among employees;
- ✔ the use of high-performance equipment to save energy;
- ✔ the continuous development of a preventive maintenance plan to reduce unnecessary energy consumption;
- ✔ the analysis and monitoring of electricity consumption in the STR manufacturing process for efficient and optimal management of alternative energy (electricity); and
- ✔ the reuse of hot water from boilers in the thermal power generation system in the equipment cleaning process to reduce electricity consumption by high-pressure washers.

With respect to the 2022-2023 operations, we implemented a high-performance lighting conversion project, whereby the conventional lights were replaced with LED lights which create high luminosity while reducing power consumption and costs, thus helping increase our production efficiency, reduce greenhouse gas emissions, and mitigate global warming. In 2022, we replaced 30% of all the lamps and light bulbs with LED lights, and in 2023 we completed 100% of the conversion project.

Fuel management

The main fossil fuel used in our main manufacturing process is LPG, which is used in the curing process. In consideration of the recent fluctuation and an increase in the LPG price, we developed the **NER 360 Degree Zero Waste Project – Substitution of LPG with Napier Grass Biogas in the Rubber Curing Process**, whereby it was estimated that the total energy demand, including renewable energy (biogas), of 50,000 cubic meters per day would be required to generate thermal power for our rubber curing process. This biogas generation system project would satisfy the demand in the manufacturing process and accommodate the renewable energy (biogas) generation process for the generation of thermal power required for four rubber curing ovens at the STR20 Phase 1 factory, with an operating period of 296 days per year.

Alternative and clean energy management

Currently, the following three alternative and clean energy projects are being implemented to substitute for on-grid electricity and LPG:

- (1) the NER 360 Degree Zero Waste Project – 4.38 MW EE Power Generation from Napier Grass Biogass;
- (2) the NER 360 Degree Zero Waste Project – Substitution of LPG with Napier Grass Biogas in the Rubber Curing Process; and
- (3) the NER 360 Degree Clean Energy Project – 4.992 MWp Power Generation from Rooftop Solar Panels



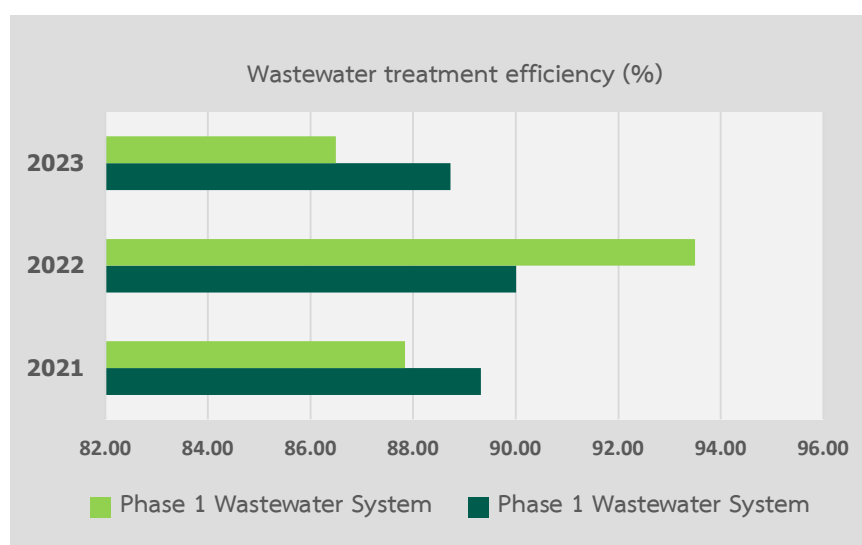
Water resources management

We are located in Buriram Province in Northeastern Thailand. The general topography of this area is a slope from south to north. This region has three seasons, cool, hot, and, rainy, with 113 days of rain per year (Source: Buriram Meteorological Station, 2022). With climate change leading to the risk of water shortage, and water demand increasing from a growing population, community expansion and industrial development, we acknowledge certain risks which we may encounter in the course of conducting our business activities, such as with regard to the use of water in the STR and RSS manufacturing process and the use of water for public utilities. Thus, we have developed sustainable water management policies, such as a reduction in the use of water from natural resources by relying on the external water resources for a maximum of 5% of water usage, and attempting to use 100% recycled water with zero discharge to the external environment.

Wastewater management

As our business operations results in contamination of the water discharged from the manufacturing process, we have developed an internal water management policy which includes the recycling of water by treating water from the manufacturing process and other activities, and then reusing it in order to reduce water pollution, and preventing the discharge of wastewater to the external environment. This demonstrates our awareness of and concern for the environment. The treated water would be used in the RST and RSS factories through our wastewater treatment system, consisting of the following.

- 🌿 **Wastewater Treatment System Phase 1** This system involves both anaerobic and aerobic treatment for wastewater, and can treat up to 3,000 cubic meters per day of wastewater from the manufacturing process. Currently, the average daily wastewater treated by this system is 1,751 cubic meters per day.
- 🌿 **Wastewater Treatment System Phase 2** This system involves the aerobic treatment of wastewater, and can treat up to 12,000 cubic meters per day of wastewater from the manufacturing process. Currently, the average daily wastewater treated by this system is 4,019 cubic meters per day.



Wastewater treatment efficiency, using COD measurements

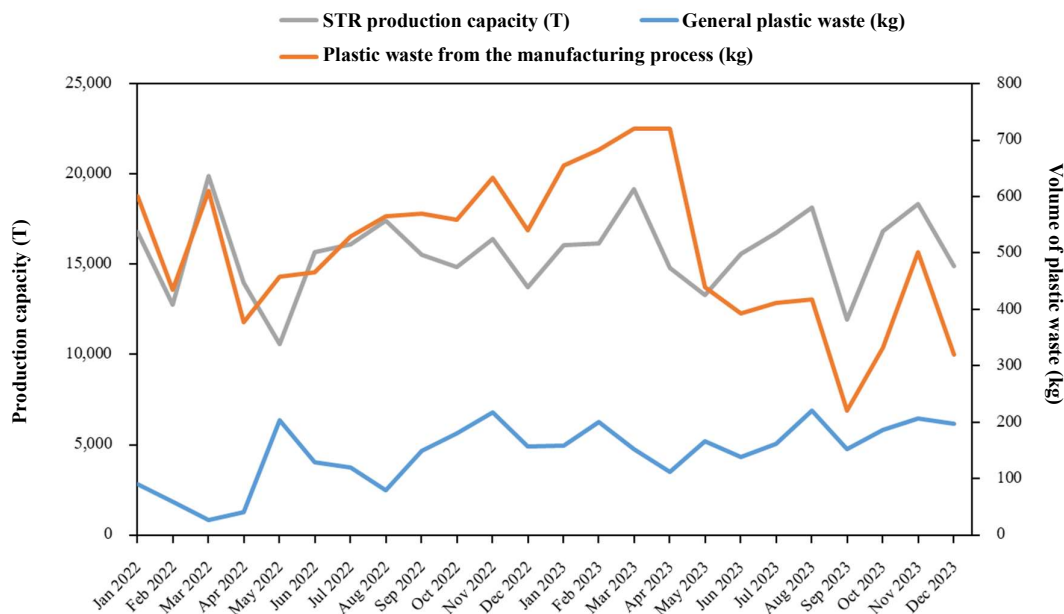
Refuse, waste, and discarded material management

We strive to reduce waste and discarded materials, starting by reducing refuse in the factory. This refuse comes from production capacity increases, packaging, and consumption by employees. We initiated the **NER Plastic Waste Reduction** Project to reduce waste and encourage the separation of plastic waste for proper recycling, which is a sustainable means of environmental management.

"15% plastic waste reduction goal"

The key activities of the **NER Plastic Waste Reduction** Project include the construction of waste separation and storage buildings, waste separation, the implementation of the 3R principle in waste and discarded material management (reduce, reuse, recycle), and the sale of separated waste to generate income to be used for further development of the project (waste-to-value).

In 2023, we continued to implement the plastic waste separation and reduction project by focusing on an earnest increase of understanding and consciousness among our personnel with regard to resource optimization. This starts by encouraging the change of daily behaviors so as to give more consideration to the environment, proper waste separation, cleaning recyclable waste before separation, the separation of waste throughout the factory by increasing garbage collection points throughout the factory, reduction of plastic waste, use of eco-friendly bags instead of plastic bags, and the use of personal lunch boxes, glasses, and water bottles instead of single-use plastic. We also provided separated waste to other projects, such as donating plastic bottles to temples, which would turn them into monks' robes, and donating snack packaging for recycling into paving blocks.



Graph showing the volume of plastic waste in comparison with production capacity






Plastic waste reduction activities

Air quality management

We recognize the importance of air quality management in all operational activities, particularly in the manufacturing process. The manufacturing process may cause air pollution which affects employees and surrounding communities, such as air pollutants emitted from chimneys, dust particles and chemicals, or odor. Hence, we developed a management plan to control the air quality on our premises, including the regular measurement and monitoring of air quality to ensure that the air quality on our premises is consistent with the law. In this respect, the key operational activities are as follows.

Odor management

In recognition of the importance of the management of odor, which is a natural occurrence in the rubber industry, we developed the guidelines for management as follows.

-  Since 2020, we have required that the rubber suppliers and freight trucks install drip rails and buckets to receive wastewater dripping from the cup lump rubber generated by shipping. If these are not used, we refuse to accept rubber shipments. We also arranged a specific parking area for freight trucks while waiting for unloading of the rubber. The drip rails were also installed in this area to receive drain water from the cup lump rubber, which would then be strained to get rid of excess water prior to the acceptance of the shipment. The water from the drip rails would be collected and conveyed into our wastewater treatment system.

- ✔ With respect to the management of the odor from rubber bulk, we prepared closed system buildings and separate areas for the storage of raw materials. The floor of the cup lump rubber storage would be washed, and the rubber bulk would be sprayed with pyroligneous acid and odor treatment solutions to remove odor from the decomposition of organic compounds three times each day.
- ✔ With respect to the management of odors from the manufacturing process, an air treatment system using liquid to capture dust particles, odor, and fumes from manufacturing (wet scrubber) was installed in addition to the installation of the air treatment systems which use biodegradable processes (bio-scrubbers) to remove volatile organic compounds and highly concentrated odors. We also required that the conveyance systems, including air ducts and water pipes, be cleaned at a frequency to be determined based on usage and production capacity, so as to reduce the accumulation of dirt in parts of the conveying ducts, thereby improving the efficiency of the treatment systems and reducing the emission of dust particles and odors from the systems.
- ✔ With respect to the management of odors from the wastewater treatment process, we added a treatment process for excess wastewater and thickened sludge from the wastewater treatment system, by diverting this wastewater into the anaerobic digestion process (a closed system to reduce odor dispersion) of the biogas generation project. This would allow us to create added value to the waste by using it as the starting material for producing biogas, which would be used in the generation of thermal energy for rubber curing and electricity for the manufacturing process.
- ✔ We received assistance from the Environmental Science Program, Faculty of Science, Buriram Rajabhat University in examining and monitoring operations for odor nuisance management. The guidelines which we implemented involved the management of the manufacturing odor filtration system prior to the emission and regular cleaning of the premises.
- ✔ In cooperation with the local educational institutions, we conducted a survey on the impacts of odor on surrounding community members in order to directly address the communities' opinions through impartial synthesis and reflection, so as to further develop management guidelines.



Management of emitted air pollutants, dust particles, and chemicals

We consistently measured and monitored environmental quality with respect to the emitted air pollutants, dust particles and chemicals on a yearly basis, and have installed hoods in the laboratory to carry out the air in the measurement process. In comparison to the standards announced under the Notification of the Ministry of Industry re: Prescribing Air Pollutant Concentrations from Factories, B.E. 2549, it was found that every measured item did not exceed the prescribed value in the standard criteria. In addition, we reviewed and assessed the risk factors associated with dust particles and chemicals in every activity the company conducted, and compared the results to the standards under the Notification of the Department of Labour Protection and Welfare re: Maximum Concentrations of Hazardous Chemical Substances, B.E. 2560.

In 2023, we continued to meet our standards and review and assess the risk factors in our environmental activities associated with the emitted air pollutants, dust particles, and chemicals to measure and control every value to be in line with standard criteria, and to ensure the sustainable prevention of any possible effects on our employees and surrounding communities.

3.4.3 Greenhouse gas and climate change management

Climate change policy

Climate change is an environmental issue that we have been giving priority to, and we have taken action in earnest. In 2023 we moved our carbon neutrality achievement target forward from 2040 to 2030, and will continue to implement measures and projects to reduce greenhouse gas emissions.

NER greenhouse gas emissions reduction targets

"Achieving the carbon neutrality Goal by 2030"

Climate change practices



Employee and organizational development

We joined the Thailand Carbon Neutral Network (TCNN) of the Thailand Greenhouse Gas Management Organization (a public organization), which aims to promote collaboration among the private sector, the government sector, and the local or community sector in reducing greenhouse gas emissions for sustainable and environmentally friendly social growth, the mitigation of climate change impact, and the achievement of zero greenhouse gas emissions in accordance with the intent of the global community. as prescribed in the goals on climate change under the Paris Agreement.



In addition, our personnel have continued to participate in training, seminars, and workshops on the management of climate change and the environment arranged by organizations and agencies.



Carbon footprint for organizations

We prepared the greenhouse gas inventory and the carbon footprint for the organization in accordance with the ISO 14064-1 (2018) international standard for the quantification and reporting of greenhouse gas emissions of the organization, adopted the Thailand Greenhouse Gas Management Organization (TGO), by developing a database of operational activities with greenhouse gas emissions and removal since 2021 to date. Our CFO was verified by a registered verification body of TGO, and certified by the TGO in 2021.



Carbon footprint for the organization: CFO

Development of the greenhouse gas reduction project

We implemented the greenhouse gas reduction project, and measured the amount of greenhouse gases expected to be reduced based on the Methodology of Thailand Voluntary Emissions Reduction Program (T-Ver) in order to accurately conduct the analysis and estimation. The initial summary of the projects is as follows:



1. The NER 360 Degree Zero Waste Project - 4.38 MW EE electricity generation from Napier grass biogas

| | |
|----------------------------------|---------------------------------------------------|
| Calculation Methodology | T-VER-METH-AE-01 Version 04 |
| | Electricity Generation from Renewable Energy |
| Expected Amount of GHG Reduction | 17,988 tons of carbon dioxide equivalent per year |
| Project Status | Registered |

For further details, visit the website:

<https://ghgreduction.tgo.or.th/th/tver-database-and-statistics/t-ver-registered-project/item/1374-ner-360-degree-zero-waste-electricity-generating-from-napier-biogas-of-4-38-mw-ee.html>



2. The NER 360 Degree Zero Waste Project - Replacement of LPG with Napier grass biogas in rubber curing

| | |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Calculation Methodology | T-VER-S-METH-01-03 Version 02 Switching of Fossil Fuel or Increasing of Renewal Energy Utilization to Generate Thermal Energy |
| Expected Amount of GHG Reduction | 833 tons carbon dioxide equivalent per year |
| Project Status | Under Consideration |

3. The NER 360 Degree Clean Energy Project – Electricity generation from 4.992 MWp rooftop solar panels

| | |
|----------------------------------|--------------------------------------------------------------------|
| Calculation Methodology | T-VER-S-METH-01-01 Electricity Generation from Renewable Energy |
| Expected Amount of GHG Reduction | 3,629 tons carbon dioxide equivalent per year |
| Project Status | Under Consideration |

In consideration of reduction of greenhouse gas emissions across the supply chain, we initiated the collaborative campaign with the suppliers by applying the guidelines under **TGO's Low Emission Support Scheme or LESS** whereby activities are developed under the concept of awareness-raising on and reduction of greenhouse gas emissions and showing appreciation for the participant's efforts and contributions through award of the Letter of Recognition (LOR) Activities, through the technical analysis and assessment process, and the concept of support from the “givers” in the organizational/business sector to the “receivers” in the society/community. The assessment of amount of greenhouse gas in LESS is an initial assessment for awarding the LOR and thus the amount of greenhouse gas reduction may not be sold or purchased.

(Source: <https://ghgreduction.tgo.or.th/th/about-less/about-less1.html>)

NER Promotion of Greenhouse Gas Reduction Activities under LESS

- Reduction of electricity use
- Waste separation
- Reduction of chemical fertilizers usage in agricultural sector
- Tree planting



Development of Internal Carbon Pricing Project (ICP)

We encouraged the application of effective carbon management mechanism in respect of finance, investment, risk management and greenhouse gas reduction by participating as the pilot organization under the "Development of Economic Mechanism for Carbon Pricing and Investment for Reduction of Greenhouse Gas Emissions Project Year 3" with TGO, which is the application of the economic mechanism being the internal carbon pricing or ICP.

Purposes of the ICP project

- (1) To analyze the risks from climate change which would affect the organization's profit
- (2) To analyze costs and return on investment in greenhouse gas reduction projects and technologies
- (3) To develop a strategic plan for the application of the ICP in the organization

3.4.4 Environmental performance

The environmental performance shows the per unit analysis of rubber production volume as follows.

● Rubber production volume

| Volume/year | 2021 | 2022 | 2023 | Unit |
|--------------------------|---------|---------|---------|------|
| Rubber production volume | 393,790 | 427,244 | 467,306 | Ton |
| % change | - | 8.50 | 9.38 | % |

● Fuel management

The performance of fuel management shows the consumption of LPG and diesel as summarized below.

Summary of LPG consumption

| Volume/year | 2021 | 2022 | 2023 | Unit |
|------------------------|------|-------|-------|--------------|
| LPG consumption volume | 2.80 | 4.33 | 5.76 | Kilogram/ton |
| % change | - | 54.59 | 32.94 | % |

An increase in LPG consumption volume in 2023 resulted from the production capacity increase and a decrease in the production volume of biogas to substitute for LPG from the system improvement over the course of the year.

Summary of diesel consumption

| Volume/year | 2021 | 2022 | 2023 | Unit |
|---------------------------|------|-------|--------|-----------|
| Diesel consumption volume | 1.74 | 1.94 | 1.92 | Liter/ton |
| % Change | - | 11.54 | - 0.74 | % |

Diesel consumption by our vehicles in 2023 decreased by 0.74% compared to 2022 due to our management plan for the reduction of energy consumption in vehicles, such as improved maintenance, repair, and journey planning, resulting in a significant decrease in fuel oil expenses.

- Electricity management

Summary of electricity consumption

| Volume/year | 2021 | 2022 | 2023 | Unit |
|--------------------------------|-------|-------|-------|---------|
| Electricity consumption volume | 95.17 | 94.90 | 86.53 | kWh/ton |
| % Change | - | -0.28 | -8.82 | % |

On-grid electricity consumption volume has been decreasing consistently since the implementation of the solar and biogas electricity generation systems as part of the electricity generation from renewable energy projects in 2021-2022.

- Water consumption management

Summary of water consumption

| Volume/year | 2021 | 2022 | 2023 | Unit |
|--------------------------|------|-------|---------|------------------|
| Water consumption volume | 5.74 | 6.44 | 5.53 | Cubic meters/ton |
| % Change | - | 12.20 | - 14.13 | % |

The per-unit water consumption volume in rubber manufacturing in 2023 decreased by 14% compared to 2022 due to our water consumption management via water treatment and improvement systems, enabling the recycling and reuse of water from the manufacturing process.

- Refuse and waste management

Summary of waste volume

| Volume/year | 2021 | 2022 | 2023 | Unit |
|--------------|-----------|-----------|------------|-----------|
| Waste volume | 93,955.09 | 98,006.14 | 115,426.22 | Kilograms |
| % Change | - | 4.31% | 17.77% | % |

Since the [NER Plastic Waste Reduction](#) Project was implemented to reduce waste and encourage waste separation for proper recycling in 2022, the volume of remaining waste disposed of by landfill in 2022 drastically decreased. However, in 2023 the total waste volume rose, due to the production capacity increase.



- Carbon footprint

Summary of the greenhouse gas emissions volume for the organization

| Volume/year | 2021 | 2022 | 2023 |
|------------------------------------------------------------------|--------|--------|--------|
| GHG emissions: | | | |
| Scope 1 - Direct emissions (tons of CO ₂ eq.) | 9,036 | 12,778 | 11,798 |
| GHG emissions: | | | |
| Scope 2 - Indirect emissions (tons of CO ₂ eq.) | 16,814 | 16,889 | 17,824 |
| GHG emissions: | | | |
| Scope 3 - Other indirect emissions (tons of CO ₂ eq.) | 92,985 | 75,027 | * |
| Total GHG emissions: | | | |
| Scope 1 & Scope 2 (tons of CO ₂ eq.) | 25,850 | 29,667 | 29,622 |
| Scope 1 & Scope 2 (tons of CO ₂ eq/tons product) | 0.07 | 0.07 | 0.06 |

* The estimate for GHG emissions Scope 3 for 2023 is being prepared, and will be reviewed by an external verifier. It is expected to be completed by March 2024.

Research and development: R&D

In the third quarter of 2023, we initiated a new research and development project on energy and environment, the **Replacement of Container Trailer Truck Transport with Rail Transport** Project. Rubber for export was originally transported using container trailer trucks. One trailer truck using diesel fuel would be able to move one container from the factory in Buriram Province to Laem Chabang Port in Chonburi Province, a distance of approximately 377 kilometers. Meanwhile, one train would be able to carry 60 containers. Additionally, based on the initial data of the performance in the recent third and fourth quarters, it was possible to increase the transport of products by rail to 70%, leaving 30% of the transport to be done by container trailer trucks.

Expected benefits of the project

- Time saving due to the change from road to rail transportation
- The reduction of fuel consumption in transportation and greenhouse gas emissions from fuel combustion
- The decrease in transportation costs due to the shipment of a large volume of products per transport
- Indirect benefits from the decrease in the possibility of road accidents caused by trucks.



Shipment of containers by rail at Hin Khon Station, Nakhon Ratchasima Province

3.5 The social dimension of sustainability management

Social performance

"Endeavors to become a learning organization to build employee loyalty and promote employee development through systematic learning"

Social policy and practice

We acknowledge our responsibility towards society and environment and the significance of the management of external and internal stakeholders, whether they are shareholders, employees, customers, or communities, under the fundamental principles of business ethics and the code of conduct, so as to ensure fair and equitable treatment of all stakeholders. We also keep the principles of good governance in mind so as to maintain equilibrium among economic, community, social and environmental operations, leading to a sustainable success. For this reason, we developed the corporate social responsibility policy as shown on our website: <http://www.nerubber.com/corporate-social-responsibility-policy-th>.

1. Respect for human rights

In recognition of and compliance with the human rights principles and the Universal Declaration of Human Rights, we gave attention to labour practices and respect for the human rights of all stakeholders, such as employees, children, women, the community, society, customers, and suppliers, without discrimination based on age, gender, race, religion, color, or nationality. We also developed a fair practice code and give priority to the assurance of safety and a good quality of life for the community and society.

We established a human rights policy, which covers respect for human rights and the promotion of a good understanding of human rights through communications. Our executives and employees will observe this policy to ensure that our business operations would be conducted with care and diligence, and so that they do not undertake any actions which may violate or affect human rights.

We pay attention to the fair and equitable treatment of employees in terms of, for instance, nomination, employment, consideration and welfare, skill development, and training. We also created a work environment with safety and sanitation in mind, and support and encourage the employment of disadvantaged groups, such as people with disabilities and ex-offenders, so as to provide equal opportunity for a better quality of life and the opportunity to demonstrate their capabilities. This way they can earn income, cultivate self-reliance, and reduce the burden of their family or society in caring for them, leading to a decrease in social inequality, and provide for fundamental facilities.

In 2023, in recognition of the importance of breastfeeding, we established a nursing corner in the first-aid room to allow female employees a space to use a breast pump, keep their breast milk, and learn about how to pump and keep breast milk properly. This corner can also be used to raise employee awareness on the importance of breastfeeding.





Nursing corner for breastfeeding employees

2. Human resource management

We aim to provide every employee with the opportunity to continue to develop their capabilities through a variety of training programs and the creation of a good work environment. In this respect, we prepared a plan for effective development of personnel through an internationally accepted performance assessment system used in management of the performance of personnel at every level. Furthermore, we provide opportunities for career advancement, have prepared a succession plan, ensure good environment and safety in workplace, and provide employee welfare in accordance with the provisions of law.

2.1 Employee development program

We have prepared a personnel development plan with the goal of appropriate development of capability for employees at all levels. This plan includes programs for specialized knowledge, management skills, skills required for performance, soft skills, skills required for enhancement of work performance, such as programs for executives and supervisors, and internal knowledge and experience sharing among employees to ensure the transition of NER into the learning organization.

In 2023, we aimed for continuous employee upskilling. We provided both internal and external training for employees, including online training for the convenience of the participants. Accordingly, there were 754 employees receiving training in 2023, representing 72.9% of the total number of employees, and an increase by 190% compared to 2022.



Employee training

2.2 Employee Annual Medical Checkup

In recognition of the importance of the employees' health, both physical and mental, we provide the “Annual Medical Checkup” welfare, which is performed by specialist physicians to ensure a proper diagnosis of symptoms which may be caused by work and affect the health of the employees, and a prompt treatment or prevention measures. Our practices on annual medical checkups are in compliance with the Ministerial Regulation on Prescribing Criteria and Methods for Medical Examination of Employees and Submission of Examination Results to Labour Official, B.E. 2547 (2004)

The number of employees receiving health checks up in 2023 represented 85.5% of the total number of employees, an increase of 3% compared to 2022.



Medical Checkup at Factory in Buriram Province and Public Relations Document

In addition to the employee medical checkup in 2023, we also planned to procure a group accident insurance and life insurance for the employees to be effective on 1 January 2024.

2.3 Succession Plan

We acknowledge the importance of developing high-potential personnel, and to identify competent personnel to assume critical roles in the Company for seamless and sustainable business operations, we have prepared a succession plan for passing on the key positions in accordance with our purposes and policy to initially identify the successor from internal, high-potential employees. The successor is required to be prepared for the development of knowledge, skills and abilities for the succession so as to be able to efficiently and seamlessly assume the position and responsibilities and to achieve further advancement in the career.

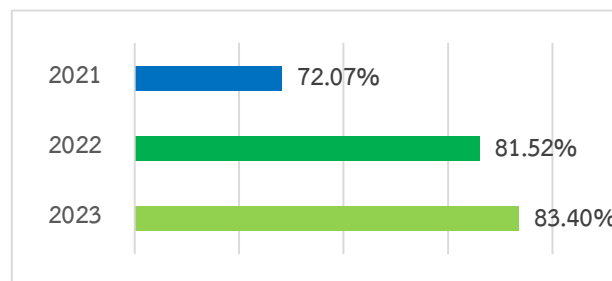
2.4 Promotion

In recognition of the importance of career advancement for employees, we have prepared definitions of position levels and capability development to allow our employees to create a career path for themselves and their subordinates. We set the criteria for consideration and assessment of performance and behavior to identify competent employees to assume a new position, and encourage them to learn and develop multiple skills, and be willing to change or take on new responsibilities in the future.

2.5 Employee Loyalty Survey

We conducted an employee loyalty survey to ensure that all employees feel they are a part of the organization. We targeted an average employee loyalty score of not less than 80%, and improved the action plans based on the feedback to ensure effective achievement of the performance goal.

In 2023, the employee loyalty score was 83.40%, representing an increase by 1.88% compared to 2022.



Employee Loyalty Graph (%)

2.6 Employment Policy on Job Creation for Community Members

It is our policy to promote employment of local people and to develop employees' competencies in order to promote sustainable job creation for the community members. In 2023, 95 % of our factory employees were local people from Buriram province.

2.7 Employment Policy on Persons with Disabilities

We promoted and provided employment opportunities for people with disabilities, as work and regular income would improve their quality of life and allow them to realize their values and build their self-esteem. In compliance with Section 33 of the Persons with Disabilities Empowerment Act B.E. 2550 (2007) prescribing that employers or owners of business must employ persons with disabilities in the ratio of 100:1, in 2023 we employed 13 persons with disabilities, which was the number required by the law.

2.8 Being a Place of Knowledge

We allow work observation by organizations, communities or academic institutions in our facilities and accept trainees to enable university students to apply knowledge in their field of education with the actual work so as to enhance their professional skills, creative thinking, human relations and teamwork skills for work in the future, and to be conscious of corporate governance and codes of conduct. For sustainable development, we allow the university students to learn and develop to become the valuable personnel in the development of the organization.



3. Occupational Health and Safety

In realization of the importance of health, safety and occupational health of our employees and stakeholders, we place a priority on the prevention of possible accidents and raising awareness of employees on safety in every process of work. We have developed an occupational health and safety risk prevention policy and require that all units perform work in accordance with the safety, occupational health and work environment standards. The safety, occupational health and work environment committee, comprising a Chief Executive and the chairman and managers, supervisors, and operational employees as the members, was established to oversee and ensure that work is in line with the standards subject to the laws and regulations of the occupational health and safety management system, including to prepare safety training plans for employees on a yearly basis. In 2023, the training essential to the performance of work were as follows:

1. employee occupational and environmental diseases training;
2. electrical safety and resuscitation of persons with electrical injuries training;
3. hearing conservation program training;
4. chemical safety and chemical spill response training;
5. advanced fire-fighting training;
6. machinery safety and personal protective equipment training; and
7. safety officer training (supervisory level, management level), and safety unit manager training.



Confined Space Safety Training



Forklift Safety Training



Advanced Fire Fighting Training

Furthermore, we conducted environment quality measurement in the operational area; risk assessment; and emergency planning and rehearsal for possible emergencies. In addition to the occupational safety of the employees, we also arrange for access management for contractors by requiring training participation prior to entering the area, and execute agreements with the contractors on strict compliance with safe work procedures.

Health and Safety Promotional Campaigns

Zero-accident Participation Campaign: We have prepared an occupational accident prevention plan; encourage employee safety awareness and culture, and allow employees to take part in the analysis and assessment of occupational risks and morning talks prior to starting work in preparation for safe working.

Contractor Safety Campaign: To ensure the contractors' seamless knowledge and understanding on occupational safety management in overhaul, installation, and modification work, as well as the contractors' awareness on occupational safety in their field.



5S Campaign: We arranged for participation of employees of all units in maintaining the cleanliness and orderliness of the office and operational areas.

National Safety Officer Day Campaign

In 2023, we collaborated with the Buriram Provincial Labour Protection and Welfare Office and Buriram Safety Officer Club in establishing the National Safety Officer Day Campaign under the concept of “Buriram Safety Officers Network Engagement in Social Safety and Sustainability” for cooperation and synergy in occupational work between the government sector and the private sector.

The campaign included three activities: 1. Community service; 2. Scholarship; and 3. Educational activities on preventive measures on occupational safety and health and the work environment, with the target participants being students, teachers and academic personnel. The purpose of this campaign is to raise consciousness on sustainable safety culture. The activities took place in Ban Khok Phet School with a total of 254 participants, consisting of 148 students, teachers and academic personnel, 31 government authorities, 45 private sector representatives and 30 parents.





Community Service Activity: Photos of a Sidewalk in Ban Khok Phet School Before and After Electrical Equipment Inspection and Maintenance, Utility Line Clearance, and Repainting



Community Service Activity: Photos of the Playground in Ban Khok Phet School Before and After Repainting



Group Photo with Buriram Provincial Labour Protection and Welfare Office, Buriram Safety Officer Club and Other Agencies



Scholarship Award Ceremony

4. Participation in Community and Social Development

Our responsible business operations towards the community and society mainly focused on reduction of environmental impacts and avoiding operations which may render negative effect on the quality of life of the surrounding communities. Furthermore, we engaged in the development of quality of life and social and community participation so as to satisfy the expectation of the stakeholders and achieve business operational sustainability. In 2023, we implemented campaigns and participated in activities with the communities as follows.

Children and Youths

In 2022, we implemented the “ **NER Library for Learning Year 2** ” Project which included developing school libraries and teaching and learning media; organizing library books and spaces; creating an environment facilitating use of the library; and providing computers for information searches, and a total number of 6,936 books donated by other agencies, to six schools near our workplace.

Subsequently, in 2023, we arranged the Library of the Year Award to promote reading habits and assess the performance of the project. We targeted use of the library service by 80 % of the total students in the school and conducted a qualitative assessment based on, for instance, the borrowing and returning system management; orderliness of the library; and book quality. A sum of THB 85,000 was given as rewards for three schools with the highest scores, namely Wat Ban Tako Taphi School; Wat Ban Talung Kao School; and Wat Ban Prathat Bu School, respectively, and honorable mentions for Ban Khok Klang School; Ban Nong Muang School; and Ban Khok Yang School.



First Prize Award Ceremony for Library of the Year
Project Ceremony at Wat Ban Tako Taphi School



Students Using the Library

At present the learning resources are not limited only to books. In realization of the importance and advantages of technologies which have played a crucial role in daily life and education, the “**NER Electronic Library for Learning**” Project was developed. In this project, we contributed touch screen monitors to nine schools located within six kilometers from our workplace, namely Wat Ban Tako Taphi School; Wat Ban Talung Kao School; Ban Khok Yang School; Wat Ban Prathat Bu School; Ban Khok Klang School; Ban Nong Muang School; Ban Khok Phet School; Ban Krasang School; and Ban Batr School. This is to encourage the students to learn information by searching on the internet and to be acquainted with technologies. In addition, we provided equipment for games which promote thinking skills; problem-solving skills; concentration; and wisdom. We also arranged for the game contest in the library for learning and encouraged students to further use the library.





Students Playing Problem-Solving Games

We also implemented the “[NER Science and Technology Caravan: Sending Happiness to Employees’ Loved Ones](#)” Project to provide the children with opportunities for learning outside of the classroom, allowing them acquaint themselves with questioning, observing and experimenting in science. We hosted an activity booth sharing scientific knowledge to children of the employees and students from Ban Khok Phet School; Ban Talung Kao School; Ban Krasang School; and Ban Batr School, totaling 257 people.



Children Enjoying Activities in NER Science and Technology Caravan: Sending Happiness to Employees’ Loved Oneness

Moreover, we provided financial support of THB 50,000 to TUBTIM ROBOT, a robot team from Mattayomtubtimsiam 04 School in Amphoe Sangkha, Surin Province, which was a Thai representative in the RoboCup Asia-Pacific 2023, an international robot competition in South Korea held on 5-9 December 2023.

Apart from academic and technology promotion and support, we also contributed to child and youth sports. For instance, we provided financial support to Khokma SKR, a youth football team, for participating in the Thailand Prime Minister Cup 2023 U-16 (Buriram) and Chang Thung Nade Cup2023 U-17; provided sporting equipment to schools and sport shirts to the Khok Ma Sub-district and Village Headman Club for sport competitions to six schools in Prakhaon Chai and nine schools in the Tambon Khok Ma and Tambon Tako Taphii Group, in a total amount of THB 30,567; we also sponsored the budget and prizes for the sports day of Ban Krasang School in Tambon Prathat Bu Amphoe Prakhon Chai on 7-8 December 2023.



Sporting Equipment Handover Ceremony to 6 schools in Prakhon Chai



Prize Awarding on Sports Day of Ban Krasang School

To acknowledge the importance of safety of children, youth and community members, we cooperated with government agencies, for instance, the Buriram Labour Protection and Welfare Office, and the private sector, in holding the “12 November Safety Officer Day” activity under the concept of “Buriram Dedicated Safety Officer Network for Sustainable Safety” on 10 November 2023 at Ban Khok Phet School (Boonlue Kururatbamrung) Buriram province. The purpose of this activity was to raise safety consciousness and awareness among students, teachers, parents and participants. The activity included eight booths providing knowledge on occupational safety; the environment; safe driving; human rights and child labour; electricity consumption; first-aid; basic firefighting; and rubber product knowledge. Additionally, we provided a total of THB 10,000 of scholarships to 10 children, and conducted community service such as repairing and repainting a footpath and playground, and inspecting electric appliances in the school.



First-Aid Booth



Safe Driving Booth

Local Art, Culture and Tradition

Buriram is an ancient city with a long history and beautiful culture. We have put efforts into carrying on the local art, culture and tradition, and in 2023 we engaged in various traditional activities with the communities, for instance, collaborating with the community in arranging the activity “**Preseving Local Songkran Tradition**” of Ban Chai Phattana. The activity included a Buddhist chanting ceremony; building sand stupas; pouring water on hands of monks and elders and asking for blessings; playing folksongs; dancing; splashing water; and smearing white powder paste, which are the local customs in the Thai New Year festival.



Sand Stupa Building



Pouring Water on Hands of Monks

We were invited to partake in the foundation stone laying ceremony, which was one of the significant ceremonies of Amphoe Prakhon Chai. At this event, we contributed 1,000 kilograms of rice and dry food to elders, poverty-stricken families, and bedridden patients in the community. We were blessed to have the opportunity to make merit and at the same time to make a contribution to and enhance our good relationship with the community.



Foundation Laying Ceremony



We greatly respect and recognize contributions to religions. Hence, we participated in and offered monetary donations to various religious activities. For instance, we attended and made a monetary donation to the madhupayasa offering ceremony 2023; provided drinking water and financial support for the candle festival; made a donation in the Malaidharma Meal Offering (Dharma Journey) 2023 Project held at 26 temples

in Amphoe Prakhon Chai; made donations in the robe offering ceremony of the sangha in Amphoe Prakhon Chai; and attended the Ghost Festival arranged by Nang Rong Buddhist Association (Pong Lai Kao 23), which was a Chinese ritual held to make offerings to impoverished persons and making merits for spirits without any family; we donated rice and dry food worth a total amount of THB 84,000.

We developed the “**Buddhist Lent Candle Offering for 10 Temples**” Project to be held on 17-21 July 2023 at Ban Kong Hin Temple; Ban Prathat Bu Temple; Pracha Somnuek Temple; Ban Chai Phattana Temple; Phra Phuttabat Khao Kradong Temple; Ban Batr Temple; Ban Khok Phet Temple; Khok Klang Temple; Sai Yong Temple; and Chan Phen Temple, and participated in the **Kathina Offering 2023**, which was considered by Buddhists to be the most meritorious deed. We were the main sponsor and co-host of the kathina offerings at 12 temples in Amphoe Prakhon Chai and Amphoe Lahan Sai, and made monetary donations totaling THB 1,020,000. This donation would be used for the construction of facilities in the temples and for the development of community projects.



Employees Attending the Buddhist Lent Candle Offering at Ban Chai Phattana Temple in Tambon Tako Taphi, Amphoe Prakhon Chai, Buriram Province.



Kathina Offering Ceremony co-sponsored and co-hosted by NER.

In addition to participation in and contributions to the religious ceremonies, our employees have volunteered for community service by repairing and renovating the crematorium and the Ban Chai Phattana Monastery in Tambon Tako Taphi, Amphoe Prakhon Chai, Buriram province.



Our Employees Repainting and Repairing Ban Chai Phattana Monastery

Health and Sanitation

In light of the current weather conditions in Thailand, with the air pollution, such as dust and PM2.5; extreme heat; and the ongoing COVID-19 pandemic, all of which constitute an adverse effect on health, we took the effort to encourage community members to pay attention to their health, particularly for vulnerable groups, and to ensure that they receive effective access to medical checkups. Hence, we came forward with the “[NER Health Care for Vulnerable Members in Four Neighboring Villages](#)” Project, which includes Ban Batr; Ban Krasang; Ban Chai Phattana; and Ban Khok Phet villages. The vulnerable group comprised elders, persons with disabilities, and pregnant women. The list of medical checkups comprises 17 items including pulmonary and cardiac function; complete blood count; blood sugar level; fat level; eyesight; and muscular fitness.



Vulnerable Members Receiving Health Checkup under the NER Health Care for Vulnerable Members in Four Neighboring Villages program.

The checkup results of the community members showed that among 392 members from four villages, 267 people had normal results, and 125 people had general chronic diseases, such as diabetes and hypertension, and had received treatment and a follow-up by the physician.

Additionally, we donated a sum of THB 40,000 to Huai Rat Hospital, Buriram Provincial Public Health Office for cataract screening for the general public in fiscal Year 2023, to allow the cataract patients effective access to standard services provided by the service network in Buriram province. This project was held on 23-24 March 2023 at Nong Teng Tambon Health Promoting Hospital and Ban Lamduan Tambon Health Promoting Hospital in Amphoe Krasang, Buriram Province. We also donated 200 sets of picnic mattresses and fans to Ban Talung Kao Tambon Health Promoting Hospital which would handing them over to bedridden patients, elders and impoverished persons in Tambon Khok Ma, which was a community near our factory, for them to cope with hot weather.



Handing Over 200 Sets of Picnic Mattresses and Fans to Ban Talung Kao Tambon Health Promoting Hospital

Agriculture Promotion

Last year we set out to encourage communities to use the soil conditioner (Napier grass slurry from our biogas production process) in growing their homegrown vegetables. In comparison to the plots using ordinary soil, it was found that the demonstration plots using our soil conditioner yielded vegetables in larger amounts and of better quality. Therefore, the project was continued for another year as the “NER Promotion of Sustainable Community Agriculture Year 2”. We invited four farmers from four neighboring communities, namely, Ban Chai Phattana; Ban Krasang; Ban Khok Phet; and Ban Batr, to take part in the project. The vegetables to be planted were coriander; Chinese kale; water spinach; and dill. There was growth monitoring and statistical data collection by comparing the height of vegetables grown in soil using our soil conditioner to those grown in ordinary soil. The results were satisfactory as it was found that the growth rate of vegetables grown in soil using our soil conditioner improved by 40 % compared to the vegetables grown in ordinary soil.



In addition, we collected and tested the soil samples for minerals, namely, Nitrogen, Phosphorus, and Potassium. The samples were collected from the plot, the slurry and the plot after adding the soil conditioner. The test results were shown in the table below.

| Sample | Test Results | | |
|------------------------------------------------------|------------------|-----------------------|---------------------|
| | Nitrogen (N) (%) | Phosphorus (P2O5) (%) | Potassium (K2O) (%) |
| Soil from the plot | 0.58 | 0.009 | 0.02 |
| Napier grass slurry | 1.13 | 2.10 | 2.04 |
| Soil from the plot after adding the soil conditioner | 0.75 | 0.011 | 0.02 |

The table showed that in the soil from the plot after adding the soil condition, the quantity of Nitrogen and Phosphorus, which were essential to the growth of the vegetables, increased. Thus, the soil conditioner could be used instead of chemical fertilizers, which would result in a decrease in expenses and costs for the farmers and the chemical-free agricultural produce which was safe for both the farmers and the consumers.

In light of the improved growth of the vegetables based on the soil test results and the satisfactory feedback from the four farmers, we then continued to the “NER Green Market” Project. We invited farmers from neighboring communities to participate in this project by using the slurry from our biogas production process in growing their homegrown vegetables and selling the produce in the market held in front of our manufacturing factory. This would increase income of the farmers and encourage our employees to consume organic vegetables for better health.

Additionally, with the aspiration to raise awareness of environmental protection, we encouraged the farmers to use natural materials as packaging for the vegetables, for instance, wrapping the vegetables with banana leaves and tying with banana rope or bamboo strips in order to reduce plastic use. At this event we also campaigned for waste sorting and using cloth or paper bags instead of plastic bags, the latter of which had been promoted continuously among our employees. There were cloth and paper bag drop-off and pickup points for customers coming without any bag, and the demonstration of the slurry and its origin used in the project to ensure that the customers are informed of the source of the vegetables and assured of the safety in consuming the vegetables in this project, and to publicize and attract more potential participants.



Vegetables Sold at the NER Green Market



Employees Using Cloth Bags for Shopping at the NER Green Market



SSlurry (Soil Conditioner) Demonstrated at the Ner Green Market



Waste Sorting Points

The “NER Green Market” Project was held once a month in front of our manufacturing factory, starting on 5 September 2023, and four more times by the end of 2023. It was found that the number of potential participants increased consistently since the farmers earned more income while the employees were greatly satisfied to be able to consume clean and safe vegetables at a reasonable price.

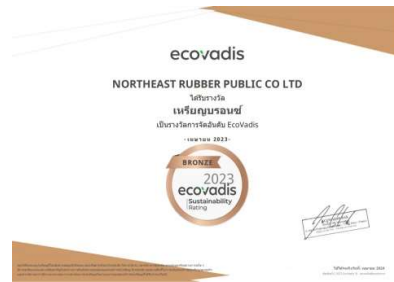
From the four times the project was held, we gathered data from the participating farmers in respect of the costs of growing and the income from sale of the vegetables. It was found that the number of farmers interested in participating in the project and using the slurry to grow vegetables increased from 15 to 32 people at the fourth market; and the farmers selling the vegetables at the market gained more income, with an average net profit margin of 38.86 % from sales in each time, per details shown in the table below.

| Indicators | 1 st Time (05/09/2023) | 2 nd Time (05/10/2023) | 3 rd Time (02/11/2023) | 4 th Time (7/12/2023) |
|------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| Number of Participants | 15 person | 24 person | 28 person | 32 person |
| Vegetable Farmers | 8 person | 10 person | 7 person | 10 person |
| Vegetable Weight | 233 Kg | 405 Kg | 315 Kg | 307 Kg |
| Sales | 2,573 THB | 6,085 THB | 4,740 THB | 6,865 THB |
| Profit | 923 THB | 2,354 THB | 1,986 THB | 2,675 THB |
| % Profit Margin | 35.87% | 38.69% | 41.90% | 38.97% |

Award of Honour



We received the “5 Star” (Excellent) CG Scoring for the year 2023 in recognition of the aspiration to maintain the excellent corporate governance



We were awarded a 2022 bronze medal in recognition of our sustainability achievement by EcoVadis CSR Rating



We were certified as an ESG 100 Company for the year 2023 for the fifth consecutive year since 2019, in recognition of our outstanding sustainability performance in the agribusiness sector in Thailand.



We received the CSR DIW CONTINUOUS Award 2023 for the second consecutive year, in recognition of our engagement in development of economy and social sustainability.



We were selected as one of the listed companies eligible for the SET EST assessment and received the “A” Rating for the year 2023 in recognition of sustainability performance.



We received the environmental governance award for the year 2023 from the Ministry of Industry.

3.6 Sustainability Management in Economic and Governance Dimensions

Economic and Governance Performance

Promotion of Innovation for Development of Products Satisfying Customer Needs

3.6.1 Corporate Governance for Sustainable Business

In our business operations, we adhered to responsibility; transparency; fairness; accountability; equality; and responsibility to the stakeholders, which were essential factors for the long-term sustainable development of our organization. The Nomination and Remuneration Committee put forward crucial policies suitable for and in concert with the business operations, as the operation guidelines for the Board of directors, the Executives and the employees, and arranged for such policies to be reviewed on a yearly basis.

In 2022, we participated in the Corporate Governance Report (CGR) of Listed Companies Project by the Institute of Directors (IOD) and received the “Excellent” or “5 Star” rating indicating our constant improvement in good corporate governance. The Annual Corporate Government Report was included Article 2 of the Annual Report and on our website: www.nerubber.com)



3.6.2 Supply Chain Management and Development

Significance

We focused on operating responsible a business towards communities, society and the environment, starting from providing advice on agriculture; the raw material procurement process; production process; and transportation, and encouraging awareness and participation of farmers and suppliers in environment protection so as to provide a good quality of life and utmost satisfaction to all stakeholders.

Action Plan or Management Method

With respect to the operational plan, we assigned the Procurement Division to conduct an on-site survey on the cultivation area of the farmers and interviews with the farmer on issues related to rubber growing. The critical issues were selected and used to arrange for the farmers' training and know-how on caring for rubber trees and the production of quality rubber, and to promote the use of formic acid to reduce environmental impact, and connect supply chains from upstream to downstream to ensure raw material traceability.

In regard to the suppliers, we planned to implement sustainability criteria in the selection process to identify credible suppliers with raw material traceability to ensure that the procured raw materials are not derived from activities harmful to the environment, deforestation, or violation of human rights.

Performance Monitoring and Solutions

Our procurement incorporated a sustainable raw material procurement process and transparent inspection. For instance, for rubber cup lumps, the dry rubber content (DRC) measurement innovation was used in the quality inspection; for rubber sheets, the raw material quality inspection was conducted in compliance with the natural rubber sheet standards of the Rubber Authority of Thailand, and the raw material traceability was assured with the coding on the rubber sheets. In 2023, as a consequence of our diligent and thorough risk assessment and raw material procurement plan, we were able to continually procure quality raw materials without encountering any raw material shortage.

We prepared a Supplier Code of Conduct, setting requirements regarding human rights; labour; the environment; and legal compliance, as guidelines for business partnerships to ensure that our business process and their business process are in concert as to the sustainable development. We also monitored the suppliers' code of conduct performance and held meetings with the suppliers to provide advice on solutions to the problems and improvement of raw material quality to satisfy our requirements, as well as efforts on environmental and social management and assessment for sustainable mutual growth.

We targeted 100 % of our main suppliers to acknowledge and sign the Supplier Code of Conduct by 2023 and successfully achieved our goal. We then prepared a monitoring plan whereby business is classified into three groups, namely, transportation; natural rubber sheets and cup lumps; and machinery and equipment, and the monitoring is conducted in accordance with the Supplier Code of Conduct, including ISO 9001:2015; ISO 14001:2015; and ISO45001:2018 systems

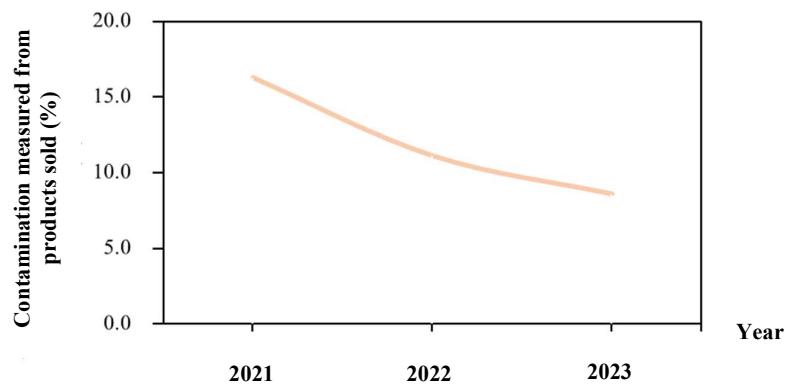


NER Supply Chain Development for Sustainability Year 2 Project

In 2023, the **NER Supply Chain Development for Sustainability Year 2 Project** was implemented consequential to the 2015 project, whereby training is arranged for farmers in Buriram, Sisaket, and Ubon Ratchathani provinces for sharing knowledge on production of quality rubber cup lumps and smoked rubber sheets in order to add value to natural rubber.



In 2023, we monitored the training results and found a decrease in contamination measured from the products sold.



Graph illustrating contamination measured from products sold

3.6.3 Supplier Relationship Management

We accorded priority to sustainable business relationships with suppliers by making regular visits to the suppliers' premises to strengthen those relationships; exchange knowledge or information on the rubber market to remain up-to-date; and address the problems and suggestions by the suppliers to improve our operations for future business opportunities. We assigned the Procurement Division to perform a Supplier Site Visit for both the agricultural raw material suppliers and the rubber farmers to share knowledge on how to produce quality rubber; reduce environmental impact; acquire raw material without environmental impact; increase income and improve quality of life of the farmers; and on-site interviews to identify current problems encountered by the farmers. We would attempt to provide advice and recommendations on solutions to such problems.



The Procurement Division also visited neighbouring areas, participated in relationship building activities, and raised community enterprises' understanding of raw material purchases. In this respect, the Provision Division would explain the rubber purchase process between us and the suppliers; types of rubber purchased by us and issues of possible contaminations in rubber; and suggest methods of selling raw material purchases to us.

With regard to general procurement, apart from rubber procurement, the Procurement Division was assigned to conduct study visits with suppliers in order to exchange opinions on the product or service delivery process and to jointly identify solutions to the problems which are encountered by us or the suppliers and may affect both the suppliers and us, for continuous growth in the business.

We arranged for the supplier risk assessment to be undertaken on a regular basis, at least once a year, to ensure that the risks will be managed so that they will not affect the business, communities and environment. We also conducted an annual supplier assessment on either raw material suppliers or general suppliers, in order to provide advice on product and service quality development, or to find solutions to service and delivery problems so that our requirements are satisfied. Additionally, the social and environmental assessment was undertaken for sustainable mutual growth of both us and the suppliers.

3.6.4 Customer Relationship and Responsibility Management

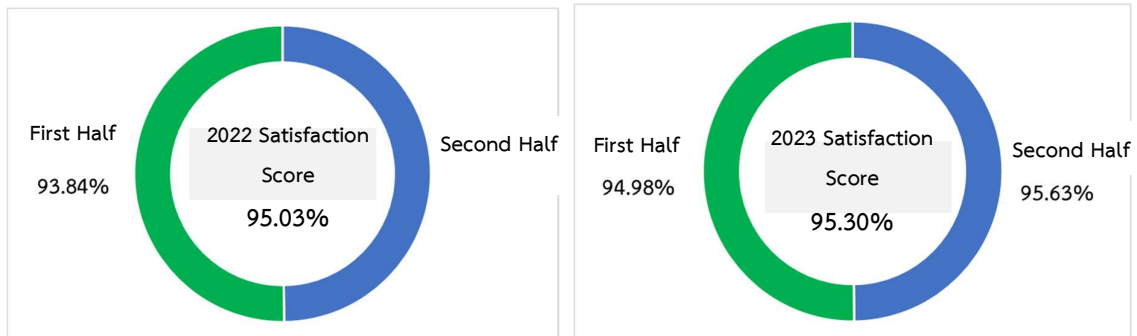
We are determined to deliver quality products to customers within the specified time, with the long-term goal of maintaining a good relationship with customers to achieve the utmost satisfaction for the sustainable building of customer base.

Customer Relationship Building

1. Marketing Communications and Customer Privacy

The Sales and Marketing Division's responsibility included communicating product information; coordinating and following up on the delivery to ensure timely delivery; receiving complaints to provide solutions and responses to the customers for their utmost satisfaction; and maintaining client confidentiality in accordance with our privacy policy. In 2022 and 2023, there was not any complaint from the customer on privacy.

2. Customer Satisfaction Survey 2023



We placed priority on customer satisfaction to ensure good relationships and sustainable building of a customer base. Our Sales and Marketing Division implemented guidelines for customer satisfaction surveys which encompass communications, service, and product quality. We aimed for a satisfaction result of 95 % or over. In 2023, the customer satisfaction was 95.30 %, representing an increase of 0.27 % compared to 2022. In case of any recommendation or complaint from the customer, the investigation, monitoring and inquiries would be undertaken on the customer by the Sales and Marketing Division via telephone, email, and communication applications, such as Line and WeChat, in order to identify the cause, including analysing information to improve the operations and consequentially identify the solution, or cooperate with related divisions to ensure that the customer requirements and satisfaction are met.

Aside from the satisfaction survey, we emphasized complaint management by implementing the complaint response system enabling prompt resolutions of the complaints to ensure the customers' utmost satisfaction, and summarize and record the number of occurrences, causes, and solutions as statistical data for goal setting to reduce complaints in future.

1.6.5 Innovation

To keep up with the fast-changing technologies, competition, and business environment, both internal and external, we recognize the importance of innovation development, and thus conducted studies and research to implement innovations and technologies in the manufacturing process, and strive to develop the business to the downstream industry, with cooperation from both the government and private research institutions, in researching, inventing and developing new products to enhance efficiency of the manufacturing process and added value to the products, including sustainable innovation and technology development.

Livestock Mat

In light of the issues of livestock health and welfare in livestock farms; the environment; wellbeing; pressure injury; or ground humidity in farms, we cooperated with Prince of Songkhla University to invent and develop livestock rubber mats that are fit for purpose, easy to dehumidify and reduce accumulation of bacteria that can cause skin infections leading to diseases.

This research aimed for development of products to create the value added to the rubber product processing industry and enhance competitiveness of the domestic rubber industry. Additionally, it contributed to improvement of the overall quality of life of the farmers, including the animal health and welfare in the livestock industry. In 2023, we implemented additional innovations and expanded the products to swine industry, particularly piglet farms and nursing farms. We received good feedback from the farms due to the increased efficiency in their management, especially cleanliness and effective reduction of the piglet mortality rate.

The research and development costs in 2023 were THB 1,500,000 and we executed the Phase 3 MOU with the Prince of Songkhla University with the budget of THB 5,000,000.



Appendix Sustainable Development Operational Data

Environment Performance

Production Capacity and Raw Material Consumption

| Operational Data | 2021 | 2022 | 2023 |
|--------------------------------|---------|---------|---------|
| Production Volume (ton) | 393,790 | 427,244 | 467,306 |
| Raw Material Volume (ton) | 393,936 | 426,202 | 459,139 |
| Recycled Material Volume (ton) | 2,017 | 2,293 | 5,595 |

Energy Consumption

| Operational Data | 2021 | 2022 | 2023 |
|---------------------------------------------------------|--------|--------|--------|
| Energy Volume | | | |
| - Diesel (m ³) | 683 | 827 | 898 |
| - LPG (ton) | 1,103 | 1,850 | 2,690 |
| - CBG (ton) | 11 | 106 | 0 |
| - LNG (GWh) | 12 | 0 | 0 |
| - Biogas as a substitute for LPG | 66 | 209 | 128 |
| Biomass Fuel Volume | | | |
| - Firewood (ton) | 255 | 184 | 108 |
| - Fire Chips (ton) | 22,826 | 19,573 | 20,180 |
| Electricity Volume (GWh) | | | |
| - Total Electricity Consumption | 37.47 | 40.04 | 41.22 |
| - Electricity from the Provincial Electricity Authority | 33.63 | 33.78 | 35.65 |
| - Electricity from Biogas Production System | 2.62 | 5.04 | 0.05 |
| - Electricity from Solar Cell | 1.23 | 1.73 | 4.74 |
| Renewable Power Consumption Rate (%) | 10.25 | 16.69 | 11.85 |

Water Volume and Quality

| Operational Data | 2021 | 2022 | 2023 |
|--------------------------|-------|--------|--------|
| Discharge Water Phase 1 | | | |
| - BOD (ton) | 11.73 | 29.49 | 32.2 |
| - COD (ton) | 72.86 | 88.79 | 150.57 |
| - SS (ton) | 6.17 | 32.88 | 81.61 |
| - PH | 8.3 | 8.34 | 8.3 |
| Discharge Water Phase* 2 | | | |
| - BOD (ton) | 9.10 | 45.16 | 80.65 |
| - COD (ton) | 61.70 | 200.77 | 382.03 |
| - SS (ton) | 27.31 | 81.37 | 173.06 |
| - PH | 8.70 | 8.04 | 8.2 |



Air Pollutants

| Operational Data | 2021 | 2022 | 2023 |
|------------------------------|----------|----------|--------|
| Air Treatment System Phase 1 | | | |
| -SO ₂ (ton) | 117.05 | 324.60 | 107.18 |
| -NO ₂ (ton) | 3,257.98 | 4,182.49 | 428.72 |
| -H ₂ S (ton) | 9.44 | 464.56 | 1.07 |
| Air Treatment System Phase*2 | | | |
| -SO ₂ (ton) | 253.19 | 180.43 | 0.46 |
| -NO ₂ (ton) | 152.34 | 1,965.80 | 45.91 |
| -H ₂ S (ton(ตัน)) | 1.05 | 5.67 | 0.46 |

Environmental Pollution Management Costs

| Operational Data | 2021 | 2022 | 2023 |
|--------------------------------------------------------------|------|------|------|
| Water Pollution Treatment System Cost (million THB) | 1.20 | 2.43 | 4.39 |
| Air Pollution Treatment System (million THB) | 0.43 | 0.82 | 0.17 |
| Environmental Management System Operation Cost (million THB) | 0.12 | 1.08 | 0.46 |

Social Performance

Health and Safety

| Operational Data | 2021 | 2022 | 2023 |
|-------------------------------------------|------|------|------|
| Total Accidents (case) | 34 | 12 | 20 |
| Lost Time Accident (case) | 32 | 12 | 20 |
| Accident Mortality (case) | - | - | 1 |
| Workplace Accident Mortality (case) | - | - | 1 |
| Occupational Injuries and Diseases (case) | - | - | - |

Employee and Social Development

| Operational Data | 2021 | 2022 | 2023 |
|--------------------------------|-------|-------|-------|
| Total Employee (person) | 1,003 | 1,045 | 1,034 |
| -Permanent Employee | 344 | 408 | 442 |
| -Daily Wage Employee | 659 | 637 | 592 |
| Employees Classified by Gender | 1,003 | 1,045 | 1,034 |
| - Male | 673 | 676 | 659 |
| - Female | 330 | 369 | 375 |



| Operational Data | 2021 | 2022 | 2023 |
|-----------------------------------------------------------|---------|--------|--------|
| Employees Classified by Management Level | | | |
| -Executive | 9 | 8 | 8 |
| -Manager | 12 | 12 | 16 |
| -Operational Officer | 982 | 1,025 | 1,010 |
| Employees Classified by Age | | | |
| -Less than 30 years old | 415 | 426 | 334 |
| -50-30 years old | 506 | 535 | 570 |
| -Over 50 years old | 82 | 84 | 80 |
| Employees with Disabilities (person) | 10 | 14 | 13 |
| Employee Resignation Rate (%) | 2.73% | 6.47% | 4.28% |
| Employees Returning after Maternity Leave (person) | | | |
| -Employees Exercising Maternity Leave | 18 | 8 | 13 |
| -Employees Returning after Maternity Leave | 18 | 8 | 7* |
| Total Employees Participating Training (person) | 77 | 260 | 754 |
| Internal Training Courses (person/course) | 2 | 9 | 22 |
| Participating Employees (person) | 49 | 204 | 576 |
| Training Period (hour) | 24 | 72 | 225 |
| External Training Courses (person/course) | 13 | 18 | 13 |
| Participating Employees (person) | 15 | 28 | 64 |
| Training Period (hour) | 162 | 568 | 331 |
| Online Trainings (person/course) | 4 | 22 | 44 |
| Participating Employees (person) | 13 | 28 | 114 |
| Training Period (hour) | 84 | 188 | 346 |
| Employee Average Training Hours (hour/person/year) | 0.32 | 3.1 | 1.19 |
| Personnel Development Average Costs Per Year (THB/person) | | | |
| -Employee | 530 | 881 | 884 |
| -Manager | 4,781 | 6,351 | 4,348 |
| -Chief Executive and Deputy Chief Executive | 225,950 | 63,920 | 80,289 |
| Employee Loyalty (%) | 72.07% | 81.52% | 83.40% |
| CSR Management Costs (million THB) | 3.24 | 1.82 | 6.12 |

Remarks : For employees returning after maternity leave in 2023, there were 13 employees exercising the maternity leave, six of whom with the leave period ending after 2023.



Financial statement summary table

Table summarizing financial position and operating results

(1) Statement of financial position: North East Rubber Public Company Limited

| Unit : THB million | | | | | | |
|------------------------------------------------------------------|---------------------------|----------------|---------------------------|----------------|---------------------------|----------------|
| Statement of financial position | As of 31 December 2023 | | As of 31 December 2022 | | As of 31 December 2021 | |
| | Audited | | Audited | | Audited | |
| | THB million | % | THB million | % | THB million | % |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 61.18 | 0.36% | 1,395.82 | 8.56% | 540.05 | 3.79% |
| Trade and other receivables | | | | | | |
| - Related parties and related companies | 2.08 | 0.01% | 0.23 | 0.001% | 3.09 | 0.02% |
| - Other companies | 688.21 | 4.09% | 989.99 | 6.07% | 796.57 | 5.60% |
| Inventories | 13,842.28 | 82.20% | 11,821.79 | 72.50% | 11,067.46 | 77.73% |
| Biological assets | 0.65 | 0.00% | 0.27 | 0.00% | 0.15 | 0.00% |
| Other current assets | 32.48 | 0.19% | 24.21 | 0.15% | 8.89 | 0.06% |
| Total current assets | 14,626.88 | 86.86% | 14,232.31 | 87.28% | 12,416.21 | 87.20% |
| Non-current assets | | | | | | |
| Restricted deposits at banks | 424.12 | 2.52% | 355.20 | 2.18% | 257.43 | 1.81% |
| Other receivables | - | | - | - | 4.88 | 0.03% |
| Property, plant, and equipment - net | 1,764.15 | 10.48% | 1,688.58 | 10.36% | 1,520.76 | 10.68% |
| Right-of-use assets - net | 13.88 | 0.08% | 19.93 | 0.12% | 24.32 | 0.17% |
| Intangible assets - net | 2.94 | 0.02% | 2.95 | 0.02% | 0.44 | 0.00% |
| Deferred tax assets | 1.46 | 0.01% | 2.47 | 0.01% | 4.06 | 0.03% |
| Deposits and guarantees | 5.69 | 0.03% | 5.10 | 0.03% | 11.19 | 0.08% |
| Total non-current assets | 2,212.24 | 13.14% | 2,074.23 | 12.72% | 1,823.08 | 12.80% |
| Total assets | 16,839.12 | 100.00% | 16,306.54 | 100.00% | 14,239.29 | 100.00% |
| Liabilities and shareholders' equity | | | | | | |
| Current liabilities | | | | | | |
| Overdrafts and short-term borrowings from financial institutions | 3,860.30 | 22.92% | 2,694.67 | 16.53% | 3,847.54 | 27.02% |



| Unit : THB million | | | | | | |
|---------------------------------------------------------------------------------------|---------------------------|---------------|---------------------------|---------------|---------------------------|---------------|
| Statement of financial position | As of 31 December 2023 | | As of 31 December 2022 | | As of 31 December 2021 | |
| | Audited | | Audited | | Audited | |
| | THB million | % | THB million | % | THB million | % |
| Trade and other payables | | | | | | |
| - Related parties and related companies | 1.80 | 0.01% | 1.28 | 0.01% | 2.17 | 0.02% |
| - Other companies | 212.02 | 1.26% | 281.77 | 1.73% | 4 58 .33 | 3. 22 % |
| Current portion of lease liabilities due within 1 year | 5.31 | 0.03% | 8.32 | 0.05% | 8.23 | 0.06% |
| Current portion of long-term borrowings from financial institutions due within 1 year | 149.44 | 0.89% | 154.57 | 0.95% | 111.6 3 | 0.78% |
| Current portion of debentures due within 1 year | - | - | 1,300.00 | 7.97% | 700.00 | 4.92% |
| Income tax payable | 40.26 | 0.24% | 35.75 | 0.22% | 18.77 | 0.13% |
| Other current financial liabilities | | | | | | |
| - Liabilities from product purchase contract obligations | - | - | 16.97 | 0.10% | 0.27 | 0.0 0 % |
| - Other | 11.48 | 0.07% | 11.82 | 0.07% | 6.68 | 0.05% |
| Total current liabilities | 4,280.61 | 25.42% | 4,505.15 | 27.63% | 5,153.62 | 36.19% |
| <u>Non-current liabilities</u> | | | | | | |
| Lease liabilities - net | 7.29 | 0.04% | 10.59 | 0.06% | 16.12 | 0.11% |
| Long-term borrowings from financial institutions - net | 280.07 | 1.66% | 418.24 | 2.56% | 358.24 | 2.52% |
| Debentures-net ^{/1} | 4,779.23 | 28.38% | 4,764.62 | 29.22% | 3,250.4 5 | 22.83% |
| Deferred tax liabilities | 4.15 | 0.03% | 3.29 | 0.02 % | - | - |
| Liability for post-employment benefits | 19.17 | 0.11% | 16.81 | 0.10% | 14.73 | 0.10% |
| Total non-current liabilities | 5,089.91 | 30.22% | 5,213.56 | 31.97% | 3,639.54 | 25.56% |
| Total liabilities | 9,370.52 | 55.64% | 9,718.71 | 59.60% | 8,793.16 | 61.75% |
| <u>Shareholder's equity</u> | | | | | | |
| Share capital ^{/2} | | | | | | |
| - Registered capital | | | | | | |
| 2,009,467,890 ordinary shares in 2021 - 2023, each having a par value of THB 0.50 | 1,004.73 | 5.97% | 1,004.73 | 6.16% | 1,004.73 | 7.06% |



| Unit : THB million | | | | | | |
|------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------|---------------------------|----------------|---------------------------|----------------|
| Statement of financial position | As of 31 December 2023 | | As of 31 December 2022 | | As of 31 December 2021 | |
| | Audited | | Audited | | Audited | |
| | THB million | % | THB million | % | THB million | % |
| - Issued and paid-up capital | | | | | | |
| 1,847,789,748 ordinary shares in 2022 - 2023 and 1,760,635,056 ordinary shares in 2021, each having a par value of THB 0.50. | 923.89 | 5.49% | 923.89 | 5.67% | 880.32 | 6.18% |
| Share premium | 1,571.73 | 9.33% | 1,571.73 | 9.64% | 1,458.43 | 10.24% |
| Retained earnings | | | | | | |
| - Appropriated for legal reserve | 100.47 | 0.60% | 100.47 | 0.62% | 100.47 | 0.71% |
| - Unappropriated | 4,872.51 | 28.94% | 3,991.73 | 24.48% | 3,006.91 | 21.12% |
| Total shareholders' equity | 7,468.60 | 44.36% | 6,587.83 | 40.40% | 5,446.13 | 38.25% |
| Total liabilities and shareholders' equity | 16,839.12 | 100.00% | 16,306.54 | 100.00% | 14,239.29 | 100.00% |

note :

^{/1} - On 4 November 2021, the Company issued two tranches of named, unsubordinated, and unsecured debentures to institutional and major investors totaling THB 2,000 million, consisting of 2,000,000 units of debentures, each at a par value of THB 1,000. The first tranche, with a 4-year tenure, carries an annual interest of 5.25% and matures on 4 November 2025. The second tranche, with a 5-year tenure, carries an annual interest of 6.00% and matures on 4 November 2026. These debentures require interest payment every quarter.

- On 8 September 2022, the Company issued two tranches of named, unsubordinated, and unsecured debentures to institutional and major investors totaling THB 2,814.30 million, consisting of 2,814,300 units of debentures, each at a par value of THB 1,000. The first tranche, with a 5-year tenure, carries an annual interest of 5.65% and matures on 8 September 2027. The second tranche, with a 7-year tenure, carries an annual interest of 6.40% and matures on 8 September 2029. These debentures require interest payment every quarter.

- All tranches of the Company's debentures are subject to the requirement to maintain material financial ratio, which is to ensure that the debt-to-equity ratio will not exceed 2:5:1.

^{/2} - The Company's annual general meeting of shareholders on 8 April 2021 unanimously approved to reduce the Company's registered capital by canceling 154,000,000 ordinary shares previously allocated for the general mandate offering in private placement, and to increase the Company's registered capital by THB 80,733,945 from previously THB 924,000,000 to THB 1,004,733,945 by issuing up to 161,467,890 new ordinary shares, each at a par value of THB 0.50 to be allocated for the general mandate offering in private placement.

- The Company's annual general meeting of shareholders on 7 April 2022 approved to extend the offering period under general mandate of up to 161,467,890 ordinary shares, each at a par value of THB 0.50 in private placement for an additional year.

- The Company's annual general meeting of shareholders on 10 April 2023 approved to extend the offering period under general mandate of up to 161,467,890 ordinary shares, each at a par value of THB 0.50 in private placement for an additional year.



(2) Statement of comprehensive income : North East Rubber Public Company Limited

| Unit : THB million | | | | | | |
|--------------------------------------------------------------------|------------------|----------------|------------------|----------------|------------------|----------------|
| Statement of comprehensive income | 2023 | | 2022 | | 2021 | |
| | Audited | | Audited | | Audited | |
| | THB million | % | THB million | % | THB million | % |
| Sales revenue – net | 25,045.17 | 99.95% | 25,172.06 | 99.88% | 24,425.66 | 99.87% |
| Other revenue | 11.93 | 0.05% | 30.64 | 0.12% | 30.63 | 0.13% |
| Total revenue | 25,057.10 | 100.00% | 25,202.71 | 100.00% | 24,456.29 | 100.00% |
| Cost of sales | 22,231.93 | 88.73% | 22,116.16 | 87.75% | 21,190.43 | 86.65% |
| Distribution costs | 566.39 | 2.26% | 601.46 | 2.39% | 692.89 | 2.83% |
| Administrative expenses | 152.16 | 0.61% | 164.33 | 0.65% | 134.66 | 0.55% |
| Loss (gain) from exchange rate | 45.42 | 0.18% | 103.36 | 0.41% | 217.48 | 0.89% |
| Unrealized loss (gain) from valuation of fair value of derivatives | (8.61) | (0.03%) | (5.53) | (0.02%) | 3.27 | 0.01% |
| Total expenses | 22,987.28 | 91.74% | 22,979.79 | 91.18% | 22,238.73 | 90.93% |
| Profit from operating activities | 2,069.82 | 8.26% | 2,222.92 | 8.82% | 2,217.56 | 9.06% |
| Finance costs | 439.83 | 1.76% | 421.07 | 1.67% | 331.03 | 1.35% |
| Profit before income tax expenses | 1,629.99 | 6.51% | 1,801.85 | 7.15% | 1,886.52 | 7.71% |
| Income tax expenses | 84.39 | 0.34% | 53.85 | 0.21% | 36.33 | 0.15% |
| Profit for the year | 1,545.60 | 6.17% | 1,748.00 | 6.94% | 1,850.19 | 7.57% |
| Other comprehensive income (loss) for the year | 0.37 | 0.001% | - | - | - | - |
| Total comprehensive income for the year | 1,545.97 | 6.17% | 1,748.00 | 6.94% | 1,850.19 | 7.57% |
| Basic earnings per share (THB/Share) | 0.84 | | 0.96 | | 1.130 | |

(3) Statement of cashflow: North East Rubber Public Company Limited

| Unit : THB million | | | |
|--------------------------------------------------------------------|---------------|-----------------|-------------------|
| Statement of cashflow | 2023 | 2022 | 2021 |
| | Audited | Audited | Audited |
| Cash flow from operating activities | | | |
| Profit for the year | 1,545.60 | 1,748.00 | 1,850.19 |
| <u>Adjusted with</u> | | | |
| Income tax expenses | 84.39 | 53.85 | 36.33 |
| Depreciation and amortization | 198.77 | 183.86 | 1 78.41 |
| Expenses on post-employment benefits | 2.81 | 2.16 | 2.10 |
| Unrealized loss (gain) from exchange rate | 5.37 | 3.63 | 16.42 |
| Gains from valuation of biological assets | (5.55) | (7.14) | (8.02) |
| Allowance to Reduce Inventory to Net Realizable Value | (9.77) | 9.77 | - |
| Loss (profit) from sales of equipment | (2.14) | - | (0.34) |
| Unrealized loss (gain) from valuation of fair value of derivatives | (13.21) | (4.60) | 0.93 |
| Loss from asset write-off | 1.00 | 0.33 | 0.85 |
| Loss (reversal of loss) on purchase commitment of inventories | (16.97) | 16.97 | (4.24) |
| Gain from cancellation of leases | (0.06) | - | - |
| Interest income | (3.50) | (24.22) | (0.88) |
| Interest expense | 439.77 | 418.30 | 329.43 |
| Decrease (increase) in operating assets | | | |
| Trade and other receivables | 272.80 | (166.81) | (68.78) |
| Inventories | (2,005.55) | (757.07) | (4,131.84) |
| Cash received from withholding tax on income tax | 24.06 | - | - |
| Other current assets | (19.12) | (10.72) | 32.66 |
| Other non-current assets | (13.66) | (0.06) | (8.24) |
| Increase (decrease) in operating liabilities | | | |
| Trade and other payables | (61.74) | (180.72) | 132.28 |
| Other current liabilities | (0.34) | 4.88 | (3.40) |
| Liability for post-employment benefits | - | (0.07) | - |
| Net cash flow provided by operations | 422.96 | 1,290.34 | (1,646.14) |
| Interest received | 22.35 | - | - |
| Income tax paid | (78.10) | (31.99) | (38.32) |
| Net cash flow provided by (used in) operating activities | 367.21 | 1,258.35 | (1,684.46) |



| Unit : THB million | | | |
|----------------------------------------------------------------------------------------|-------------------|-----------------|-----------------|
| Statement of cashflow | 2023 | 2022 | 2021 |
| | Audited | Audited | Audited |
| Cash flow from investing activities | | | |
| Increase in restricted deposits at banks | (68.91) | (97.78) | (84.28) |
| Additions to plant and equipment | (245.82) | (331.47) | (200.34) |
| Increase in the use of net assets | - | - | (0.87) |
| Additions to intangible assets | (0.59) | (2.79) | (0.10) |
| Proceeds from sales of equipment | 3.66 | - | 2.80 |
| Interest received | 2.91 | 1.71 | 0.93 |
| Net cash used in investing activities | (308.75) | (430.33) | (281.86) |
| Cash flow from financing activities | | | |
| Increase (decrease) in overdraft and short-term borrowings from financial institutions | 1,165.63 | (1,152.86) | (1,236.77) |
| Increase in long-term borrowing from financial institutions | - | 210.00 | 258.99 |
| Repayment of long-term borrowings from financial institutions | (143.31) | (107.06) | (112.48) |
| Payments of lease liabilities | (7.20) | (8.51) | (7.63) |
| Issuance of debentures | - | 2,814.30 | 3,300.00 |
| Redemption of debentures | (1,300.00) | (700.00) | - |
| Debenture issuance costs | - | (26.16) | (50.66) |
| Dividends paid | (665.20) | (763.17) | (454.25) |
| Interest paid | (443.02) | (395.67) | (283.92) |
| Proceeds from increase in share capital | - | 156.88 | 262.72 |
| Net cash flow provided by (used in) financing activities | (1,393.10) | 27.75 | 1,676.00 |
| Increase (decrease) in cash and cash equivalents | (1,334.64) | 855.77 | (290.32) |
| Cash and cash equivalents at 1 January | 1,395.82 | 540.05 | 830.37 |
| Cash and cash equivalents at 31 December | 61.18 | 1,395.82 | 540.05 |

(4) Financial ratios : North East Rubber Public Company Limited

| Financial ratios | Unit | 2023 | 2022 | 2021 |
|----------------------------------------|------|----------------------|----------------------|----------------------|
| | | Audited | Audited | Audited |
| Liquidity ratio | | | | |
| Liquidity ratio | Time | 3.42 | 3.16 | 2.41 |
| Quick ratio | Time | 0.17 | 0.52 | 0.25 |
| Liquidity ratio of cash flow | Time | 0.08 | 0.26 | (0.31) |
| Account receivable turnover ratio | Time | 31.86 | 30.35 | 34.05 |
| Average debt collection period | day | 11 | 12 | 11 |
| Inventory turnover ratio | Time | 1.73 | 1.93 | 2.36 |
| Average sales period | day | 208 | 186 | 153 |
| Account payable turnover ratio | Time | 393.11 | 225.10 | 190.04 |
| Debt repayment period | day | 1 | 2 | 2 |
| Cash Cycle | day | 220 | 200 | 165 |
| Profitability ratio | | | | |
| Gross profit margin | % | 11.23% | 12.14 % | 13.25 % |
| Operating profit margin | % | 8.26% | 8.83% | 9.08% |
| Cash-to-profit ratio | % | 17.74% | 56.61% | (75.96%) |
| Net profit margin | % | 6.17% | 6.94% | 7.57% |
| Rate of return on equity | % | 21.99% | 29.05% | 40.50% |
| Efficiency ratio | | | | |
| Rate of return on assets | % | 9.33% | 11.45% | 15.12% |
| Rate of return on fixed assets | % | 101.04% | 120.39% | 134.83% |
| Asset turnover rate | Time | 1.51 | 1.65 | 2.00 |
| Financial policy ratio | | | | |
| Total debt to equity ratio | Time | 1.25 | 1.48 | 1.61 |
| Interest-bearing debt to equity :IBD/E | Time | 1.22 | 1.42 | 1.52 |
| Dividend payout ratio ^{/ 1} | % | 40.65% ^{/4} | 40.17% ^{/3} | 40.48% ^{/2} |

note :

^{/ 1} - Dividend payout ratio = Dividend payout / net profit

^{/ 2} - The Board of Directors meeting on 9 August 2021 unanimously approved to distribute to shareholders interim dividends derived from the operating results for the six-month period ending on 30 June 2021. The dividend payout rate is THB 0.07 each share, totaling approximately THB 115.20 million of interim dividend payment to be paid out from the entirety of the profits that benefit from investment promotion. The Company paid the dividend to shareholders on 6 September 2021.



- The Board of Directors meeting No.1/2022 on 18 February 2022 approved to distribute to shareholders dividends for the 2021 operating results at the rate of THB 0.43 each share, totaling approximately THB 749.00 million of dividend. After accounting for the interim dividend paid for the first 6-month operating results of 2021 (THB 0.07 each share, totaling THB 115.17 million paid on 6 September 2021), the balance for this dividend payment is THB 0.36 each share, totaling THB 633.83 million. This dividend will be paid out of the net profits that are tax-exempt due to investment promotion benefits offered by the BOI. The Company will determine shareholders who are entitled to dividend payment on the Record Date, which is scheduled on 20 April 2022 and will pay the dividend on 6 May 2022.
- ^{/ 3} - The Board of Directors meeting on 8 August 2022 unanimously approved to distribute to shareholders interim dividends derived from the operating results for the six-month period ending on 30 June 2022. The dividend payout rate is THB 0.07 each share, totaling approximately THB 129.34 million of interim dividend payment to be paid out from the entirety of the profits that benefit from investment promotion. The Company paid the dividend to shareholders on 7 September 2022.
- The Board of Directors meeting No.2/2023 on 17 February 2023 approved to distribute to shareholders dividends for the 2022 operating results at the rate of THB 0.38 each share, totaling approximately THB 702.16 million of dividend. After accounting for the interim dividend paid for the first 6-month operating results of 2022 (THB 0.07 each share, totaling THB 129.34 million paid on 7 September 2022), the balance for this dividend payment is THB 0.31 each share, totaling THB 572.81 million. This dividend will be paid out of the net profits that are tax-exempt due to investment promotion benefits offered by the BOI. The Company will determine shareholders who are entitled to dividend payment on the Record Date, which is scheduled on 21 April 2023 and will pay the dividend on 9 May 2023.
- ^{/4} - The Board of Directors meeting on 11 August 2023 unanimously approved to distribute to shareholders interim dividends derived from the operating results for the six-month period ending on 30 June 2023. The dividend payout rate is THB 0.05 each share, totaling approximately THB 92.39 million of interim dividend payment to be paid out from the entirety of the profits that benefit from investment promotion. The Company paid the dividend to shareholders on 8 September 2023.
- The Board of Directors meeting No.1/2024 on 27 February 2024 approved to distribute to shareholders dividends for the 2023 operating results at the rate of THB 0.34 each share, totaling approximately THB 628.25 million of dividend. After accounting for the interim dividend paid for the first 6-month operating results of 2023 (THB 0.05 each share, totaling THB 92.39 million paid on 8 September 2023), the balance for this dividend payment is THB 0.29 each share, totaling THB 535.86 million. This dividend will be paid out of the net profits that are tax-exempt due to investment promotion benefits offered by the BOI. The Company will determine shareholders who are entitled to dividend payment on the Record Date, which is scheduled on 23 April 2024. The dividend payment requires approval from the 2024 annual general meeting of shareholders.



Formula for calculating financial ratios

Liquidity ratio

| | | |
|-----------------------------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Liquidity ratio | Time | $\frac{\text{Current assets}}{\text{Current liabilities}}$ |
| Quick ratio | Time | $\frac{\text{Cash and bank deposits + marketable securities +} \\ \text{Trade accounts receivable and notes receivable}}{\text{Current liabilities}}$ |
| Liquidity ratio of cash flow | Time | $\frac{\text{Cash flow from operations}}{\text{Average current liabilities}}$ |
| Account receivable turnover ratio | Time | $\frac{\text{Net sales}}{\text{Trade account receivables before doubtful debts +} \\ \text{Trade bills receivable (average)}}$ |
| Average debt collection period | day | $\frac{360}{\text{Account receivable turnover ratio}}$ |
| Inventory turnover ratio | Time | $\frac{\text{Cost of sales}}{\text{Inventories (average)}}$ |
| Average sales period | day | $\frac{360}{\text{Inventory turnover ratio}}$ |
| Payable turnover ratio | Time | $\frac{\text{Purchase or cost of sales}}{\text{Trade accounts payable + Trade bills of exchange (average)}}$ |
| Debt repayment period | day | $\frac{360}{\text{Account payable turnover ratio}}$ |
| Cash Cycle | day | $\text{Average debt collection period + Average product sales period -} \\ \text{Debt repayment period}$ |



Profitability ratio

| | | |
|-------------------------|---|------------------------------------------------------------------------------------|
| Gross profit margin | % | $\frac{\text{Gross profit}}{\text{Net sales}}$ |
| Operating profit margin | % | $\frac{\text{Profit from operating activities}}{\text{Net sales}}$ |
| Other profit margins | % | $\frac{\text{Non-operating profits}}{\text{Total income}}$ |
| Cash-to-profit ratio | % | $\frac{\text{Cash flow from operations}}{\text{Profit from operating activities}}$ |
| Net profit ratio | % | $\frac{\text{Net profit}}{\text{Total income}}$ |
| Return on equity (ROE) | % | $\frac{\text{Net profit}}{\text{Shareholder's equity (average)}}$ |

Efficiency ratio

| | | |
|--------------------------------|------|-------------------------------------------------------------------------------------|
| Return on assets (ROA) | % | $\frac{\text{Net profit}}{\text{Total assets (average)}}$ |
| Rate of return on fixed assets | % | $\frac{\text{Net profit} + \text{depreciation}}{\text{Net fixed assets (average)}}$ |
| Asset turnover rate | Time | $\frac{\text{Total income}}{\text{Total assets (average)}}$ |

Financial policy ratio

| | | |
|-----------------------------------------------|------|--------------------------------------------------------------------|
| Dividend payout rate | % | $\frac{\text{Dividend}}{\text{Net profit}}$ |
| Debt-to-equity ratio | Time | $\frac{\text{Total debt}}{\text{Shareholder's equity}}$ |
| Interest-bearing debt to shareholders' equity | Time | $\frac{\text{Interest-bearing debt}}{\text{Shareholder's equity}}$ |



Operating results

For the Company's operating results for 2023 ending 31 December 2023, our total revenue was THB 25,057.10 million, comprising THB 25,045.17 million of sales revenue and THB 11.93 million of other revenue, representing 99.95% and 0.05% of the total revenue, respectively. In 2022, our total revenue was THB 25,202.70 million, comprising THB 25,172.06 million of sales revenue and THB 30.64 million of other revenue, representing 99.88% and 0.12% of the total revenue, respectively.

The table below shows the sales revenue categorized by products.

| Sales revenue categorized by products | | | | | Unit : THB million | |
|---------------------------------------|-------------|---------|-------------|---------|------------------------------------------|----------|
| Product types | 2023 | | 2022 | | The difference increases (decreases) by: | |
| | THB million | % | THB million | % | THB million | % |
| 1) Ribbed smoked sheets (RSS) | 3,576.93 | 14.28% | 3,666.12 | 14.55% | (89.19) | (2.43%) |
| 2) Standard Thai rubber (STR) | 13,283.22 | 53.01% | 11,689.99 | 46.38% | 1,593.22 | 13.63% |
| 3) STR-mixtures rubber | 5,135.20 | 20.49% | 6,093.06 | 24.18% | (957.86) | (15.72%) |
| 4) RSS-mixtures rubber | 3,045.46 | 12.15% | 3,720.12 | 14.76% | (674.65) | (18.14%) |
| 5) Finished products | 4.36 | 0.02% | 2.77 | 0.01% | 1.59 | 57.49% |
| Sales revenue | 25,045.17 | 99.95% | 25,172.06 | 99.88% | (126.89) | (0.50%) |
| Other revenue | 11.93 | 0.05% | 30.64 | 0.12% | (18.71) | (61.06%) |
| Total revenue | 25,057.10 | 100.00% | 25,202.70 | 100.00% | (145.60) | (0.58%) |



Analysis of operating results

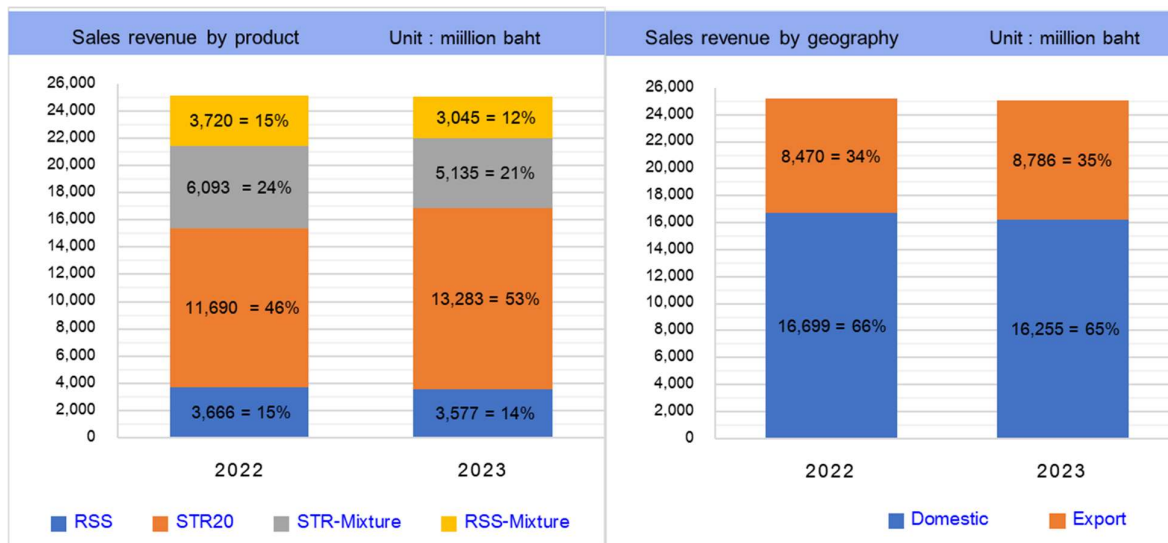
| Statement of comprehensive income | | | | | Unit : THB million | |
|--------------------------------------------------|------------------|----------------|------------------|----------------|------------------------------------|-----------------|
| | 2023 | | 2022 | | Difference increase / decrease by: | |
| | THB million | % | THB million | % | THB million | % |
| Sales volume (tons) | 497,053 | | 446,090 | | 50,963 | 11.42% |
| Revenue from domestic sales | 16,259.49 | 64.92% | 16,702.15 | 66.35% | (442.66) | (2.65%) |
| Revenue from foreign sales | 8,785.68 | 35.08% | 8,469.91 | 33.65% | 315.77 | 3.73% |
| Total sales revenue | 25,045.17 | 100.00% | 25,172.06 | 100.00% | (126.89) | (0.50%) |
| Cost of sales | 22,231.93 | 88.77% | 22,116.16 | 87.86% | 115.77 | 0.52% |
| Gross profit | 2,813.24 | 11.23% | 3,055.90 | 12.14% | (242.66) | (7.94%) |
| Distribution costs | 566.39 | 2.26% | 601.46 | 2.39% | (35.07) | (5.83%) |
| Administrative expenses | 152.16 | 0.61% | 164.33 | 0.65% | (11.62) | (7.07%) |
| Loss from exchange rate | 45.42 | 0.18% | 103.36 | 0.41% | (57.95) | (56.06%) |
| Gain from valuation of fair value of derivatives | (8.61) | (0.03%) | (5.53) | (0.02%) | (3.08) | 55.69% |
| Profit from operating activities | 2,057.89 | 8.21% | 2,192.27 | 8.71% | (134.95) | (6.16%) |
| Finance costs | 439.83 | 1.76% | 421.07 | 1.67% | 18.76 | 4.46% |
| Profit before other income | 1,618.06 | 6.46% | 1,771.20 | 7.04% | (153.71) | (8.68%) |
| Other revenue | 11.93 | 0.05% | 30.64 | 0.12% | (18.71) | (61.05%) |
| Profit before income tax | 1,629.99 | 6.51% | 1,801.85 | 7.16% | (172.41) | (9.57%) |
| Income tax expenses | 84.39 | 0.34% | 53.85 | 0.21% | 30.54 | 56.72% |
| Other comprehensive income for the year | 0.37 | 0.00 % | - | - | - | - |
| Comprehensive profit for the year | 1,545.97 | 6.17% | 1,748.00 | 6.94% | (202.96) | (11.61%) |

For the operating results of the year 2023 ending 31 December 2023, compared to 2022, our sales volume increased by 11.42% (or by 50,963 tons), to 497,053 tons. This comprises a total of THB 25,045.17 million of sales revenue, representing a decrease by 0.50% (or by THB 126.89 million). Our revenue from domestic sales was THB 16,259.49 million, representing 64.92% of the total sales, a decrease by 2.65% (or by THB 442.66 million). Our revenue from international sales was THB 8,785.68, representing 35.08% of the total sales, representing an increase by 3.73% (or by THB 315.77 million).

The decrease in our sales revenue in 2023 was attributable to the decrease in rubber prices. Our average selling price of rubber products in 2023 decreased by 10.71% from 2022. This decrease in income was attributable to two main factors: a decrease due to lower prices amounting to THB 3,003.90 million, and an increase from higher volumes contributing THB 2,875.43 million.



Below is the comparison of our sales revenue between 2023 and 2022 categorized by product types.



Revenue categorized by product types

The Company offers three types of products for the rubber processing industry. These are: (1) Ribbed Smoked Sheets (RSS), (2) Standard Thai Rubber (STR), and (3) Mixtures Rubber. In 2022, the Company first generated income from a finished product, which is livestock rubber mattresses. The Company recognizes sales revenue when it is highly likely that it will derive economic benefits from the transaction and the income amount can be reliably measured. Moreover, the Company records sales transactions as net income after discounts once it delivers the goods and transfers the significant risks and rewards of ownership to the buyer.

In 2022, our sales revenue composition by product types was: RSS at 15%, STR at 46%, STR-mixtures rubber at 24%, and RSS-mixtures rubber at 15%. In comparison, 2021 figures were: RSS at 22%, STR at 45%, STR-mixtures rubber at 18%, with RSS-mixtures rubber remaining at 15%.

In 2023, our sales revenue composition by product types was: RSS at 14%, STR at 53%, STR-mixtures rubber at 21%, and RSS-mixtures rubber at 12%. Our STR sales increased by 7% from 46% in 2022 to 53%, STR-mixtures rubber decreased by 3%, RSS-mixtures rubber decreased by 3%, and RSS sales decreased by 1%.

The following discusses revenue details by product types.

1) Revenue from sales of Ribbed Smoked Sheets (RSS)

The Company began its production and sale of RSS in 2006. The initial capacity was approximately 40,000 tons each year. The Company expanded its capacity to the current level of approximately 60,000 tons each year. Its products have benefited from the Board of Investment (BOI) certificate under the Investment Promotion Act, B.E. 2520 (1977). The Company started generating income from this promoted business since 12 November 2007. This resulted in a 100% exemption from corporate income tax on net profits for eight years from the income start date, followed by a 50% tax allowance for five years after the end of the initial eight-

year period. Currently, the Company is using investment promotion benefits for efficiency enhancement for three years, from 2 February 2021 until 1 February 2024.

Our RSS sales revenue for the year 2022 decreased by 31.85% (or by THB 1,713.22 million) from 2021, due to a 41,256-ton decrease in sales volume, representing a 41.07% decrease from the domestic sales of 44,819 tons and foreign sales of 14,382 tons. Despite this, the average selling price increased from THB 53.55 a kilogram in 2021 to THB 61.93 a kilogram in 2022.

Our RSS sales revenue for the year 2023 decreased by 2.43% (or by THB 89.19 million) from 2022, due to a 9.10% increase (or 5,385 tons) in sales volume, from the domestic sales of 49,262 tons and foreign sales of 15,324 tons. Our average selling price decreased from THB 61.93 a kilogram in 2022 to THB 55.38 a kilogram in 2023.

2) Revenue from sales of Standard Thai Rubber (STR)

The Company introduced STR20 products in 2013, completed plant construction, and began sales in 2014, with an initial production capacity of approximately 72,000 tons each year. The capacity then increased to approximately 79,200 tons each year. Our STR20 products were granted an Investment Promotion Certificate (BOI) by the Board of Investment under the Investment Promotion Act, B.E. 2520 (1977). This allowed us to start generating promoted income from 4 August 2014, qualifying it for a 100% corporate income tax exemption on net profits from its operations for eight years from the income start date, followed by a 50% tax allowance for five years.

The Company increased its STR production capacity for a second plant at the end of 2019, completed factory construction, and began sales of STR and STR-mixtures products in 2020, with a production capacity of approximately 172,800 tons each year. The Company increased its STR production capacity at this second plant by 50,000 tons each year. The total production capacity for this second plant in 2023 was 222,800 tons, which was granted an Investment Promotion Certificate (BOI) by the Board of Investment under the Investment Promotion Act, B.E. 2520 (1977), starting from 8 July 2020, qualifying it for a 100% corporate income tax exemption on net profits from its operations for six years from the income start date.

In 2022, our revenue from STR sales across two plants was THB 11,689.99 million, representing an increase by 6.14% (or by THB 676.21 million) from the previous year. This increase was attributable to a 1,708-ton increase in sales volume, or 0.79%, with domestic sales of 183,976 tons and foreign sales of 33,042 tons. Our average selling price increased from THB 51.15 a kilogram in 2021 to THB 53.87 a kilogram in 2022.

In 2023, our revenue from STR sales increased by 13.63% (or by THB 1,593.22 million) from the previous year. This increase was attributable to a 54,822-ton increase in sales volume, or 25.26%, with domestic sales of 197,893 tons and foreign sales of 73,947 tons. The increase in sales volume was attributable to the increase in purchasing orders both domestically and internationally, as well as to the increased production capacity at the second plant. Our average selling price decreased from THB 53.87 a kilogram in 2022 to THB 48.86 a kilogram in 2023.



3) Revenue from sales of Mixtures Rubber

The Company has started the production and sale of mixtures rubber products, while recognizing the opportunities in producing STR-mixtures rubber and RSS-mixtures rubber. The method for mixtures rubber production involves finely grinding cup lump and crepe rubber, then compressing it into blocks, which is similar to the STR production process. In 2017, the Company improved its STR-mixtures rubber production process so that it could use the same machinery as that for STR, adding just one additional step of mixing the rubber with the required chemicals. Consequently, in 2019, motivated by market opportunities and the value of investing in existing machinery for an extra 60,000 tons each year of production capacity, the Company modified its mixtures rubber machinery to restart the production of mixed rubber sheets. By the end of 2019, the Company started recognizing income from the sale of RSS-mixtures products again, with all sales conducted domestically through traders. Primary processed mixed rubber sheets are commonly transformed into products requiring specific advanced physical properties, such as aircraft tires.

The Company's mixtures rubber products received an Investment Promotion Certificate (BOI) from the Board of Investment under the Investment Promotion Act, B.E. 2520 (1977). The Company started generating income from 21 July 2010, qualifying it for a 100% exemption from corporate income tax on net profits from its operations for eight years from the income start date, followed by a 50% tax allowance for five years. In 2019, the Company's mixtures rubber products received an Investment Promotion Certificate (BOI) from the Board of Investment under the Investment Promotion Act, B.E. 2520 (1977). The Company started generating income from 21 July 2010, qualifying it for a 100% exemption from corporate income tax on net profits from its operations for eight years from the income start date, followed by a 50% tax allowance for five years.

In 2022, our revenue from mixtures rubber sales was THB 9,813.18 million, representing an increase by 22.17% (or by THB 1,780.64 million) from 2021. Our sales volume increased by 24.26% (or by 33,161 tons), primarily attributable to increased sales of STR-mixtures rubber. Revenue from mixtures rubber sales was divided into THB 6,093.06 million for (1) STR-mixtures rubber and (2) THB 3,720.12 million for RSS-mixtures rubber. The average selling price in 2022 was similar to that in 2021.

In 2023, our revenue from mixtures rubber sales was THB 8,180.66 million, representing a decrease by 16.64% (or by THB 1,632.52 million) from 2022. Our sales volume decreased by 5.44% (or by 9,244 tons). Revenue from mixtures rubber sales comprised: (1) THB 5,135.20 million for STR-mixtures rubber and (2) THB 3,045.46 million for RSS-mixtures rubber. Our average selling price decreased from THB 57.77 a kilogram in 2022 to THB 50.93 a kilogram in 2023, with domestic sales reaching 68,869 tons and international sales totaling 101,002 tons.



Cost of sales

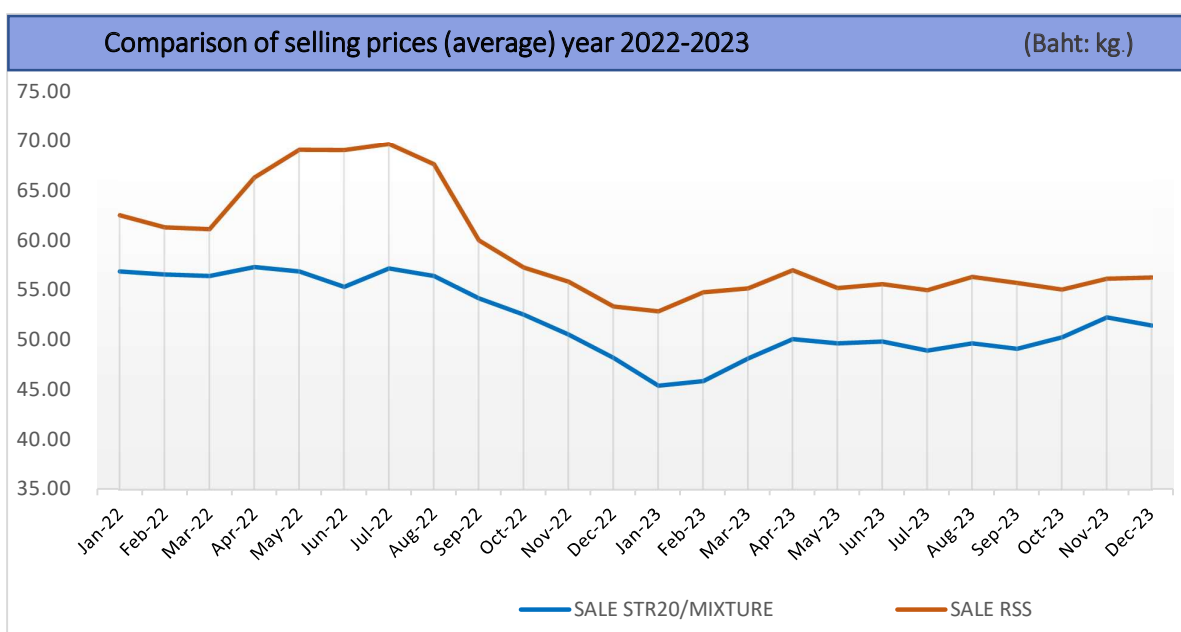
In 2021, 2022, and 2023, our cost of sales was THB 21,190.43 million, THB 22,116.16 million, and THB 22,231.93 million, respectively. These figures represent cost of sales to sales revenue ratios of 86.75%, 87.86%, and 88.77%, respectively. Our cost of sales comprises three main categories, which are discussed below.

- 1) The cost of selling rubber represents the cost of sales in normal business operations from the sale of processed rubber. These comprises the cost of raw materials and consumables used, direct labour, and production-related expenses.
- 2) The cost of agricultural products (energy crops) is the operational costs of an energy crop project in which the crops are used as raw materials for our biogas project.
- 3) Biogas cost is the operational expenses of a biogas project that uses energy crops. The objective is to use the generated gas as fuel to lower our production gas costs.

| Cost of sales (THB million) | 2023 | | 2022 | | Difference increase / decrease by: |
|-------------------------------------------|----------------|---------|----------------|---------|------------------------------------------|
| | THB million | % | THB million | % | |
| Sales volume (tons) | 497,053 | | 446,090 | | 50,963 |
| Total sales revenue | 25,045.17 | 100.00% | 25,172.06 | 100.00% | (126.89) |
| Cost of sales | 22,231.93 | 88.73% | 22,116.16 | 87.86% | 0.91% |
| Raw materials and consumables used | 21,410.11 | 85.49% | 21,425.34 | 85.12% | 0.37% |
| Labour cost | 177.76 | 0.71% | 155.33 | 0.62% | 0.09% |
| Production costs | 460.59 | 1.84% | 366.49 | 1.46% | 0.38% |
| Depreciation and amortisation expenses | 183.46 | 0.73% | 169.01 | 0.67% | 0.06% |
| Gross profit | 2,813.24 | 11.23% | 3,055.90 | 12.14% | (0.91%) |

In 2023, our cost of sales was THB 22,231.93 million, representing 88.77% of our sales revenue. This includes THB 21,410.11 million for raw materials and consumables, representing 85.49% of the sales revenue. Our cost of sales in 2023 increased by 0.91% due to the continuous decrease in rubber price from September 2022 until August 2023, which directly affected the ratio of cost of raw materials to revenue. The following discusses data on our rubber purchase and average selling price.





In 2023, our labor cost was THB 177.76 million, representing 0.71% of the sales revenue. Our labor cost increased by THB 22.43 million from 2022, representing 0.09 of sales revenue. The increase was attributable to the higher wage payment that was consistent with the increased production volume.

Our production costs were THB 460.59 million, representing 1.84% of sales revenue. Our production costs increased from 2022 by 0.38% (or by THB 94.10 million) due to the increase in energy cost including LPG, fuel, and electricity. The increase was consistent with the increased production volume.

Our cost of sales increased by 0.91% from 87.86% in 2022 to 88.77% in 2023, resulting in a decrease in gross profit by 0.91% (or by THB 242.66 million) from 12.14% in 2022 to 11.23% in 2023.

Distribution costs

In 2021, our distribution costs were THB 692.89 million, representing 2.84% of total sales. Our distribution costs increased by 0.34% of total sales (or by THB 283.59 million) from 2020. The increase was attributable to a THB 64.06 million increase in contribution to the Rubber Replanting Aid Fund, a THB 151.47 million increase in transportation costs, and a THB 68.05 million increase in sales-related expenses. The increase was consistent with the increased production volume.

In 2022, our distribution costs were THB 601.46 million, representing 2.39% of total sales. Our distribution costs decreased by 13.20% of total sales (or by THB 91.43 million) from 2021. The decrease was attributable to a THB 40.85 million decrease in contribution to the Rubber Replanting Aid Fund, a THB 19.61 million increase in transportation costs, and a THB 70.18 million decrease in sales-related expenses. The decrease in cost was attributable to decreased freight charges in the fourth quarter of 2022 and was consistent with the decline in international sales volumes.

In 2023, our distribution costs were THB 566.39 million, representing 2.26% of total sales. Our distribution costs decreased by 5.83% of total sales (or by THB 35.07 million) from 2022. The decrease was attributable to a 61.53% decrease in outbound freight costs (or a THB 103.39 million decrease) due to the decrease in freight costs, and the THB 66.40 increase in contribution to the Rubber Replanting Aid Fund due to higher international sales compared with previous years.

Administrative expenses and other expenses

In 2021, our administrative expenses were THB 134.67 million, representing 0.55% of total sales revenue, compared to THB 130.03 million in the same period of 2020, which was 0.80% of total sales revenue. This is an increase by merely 3.57% of total sales or by THB 4.64 million.

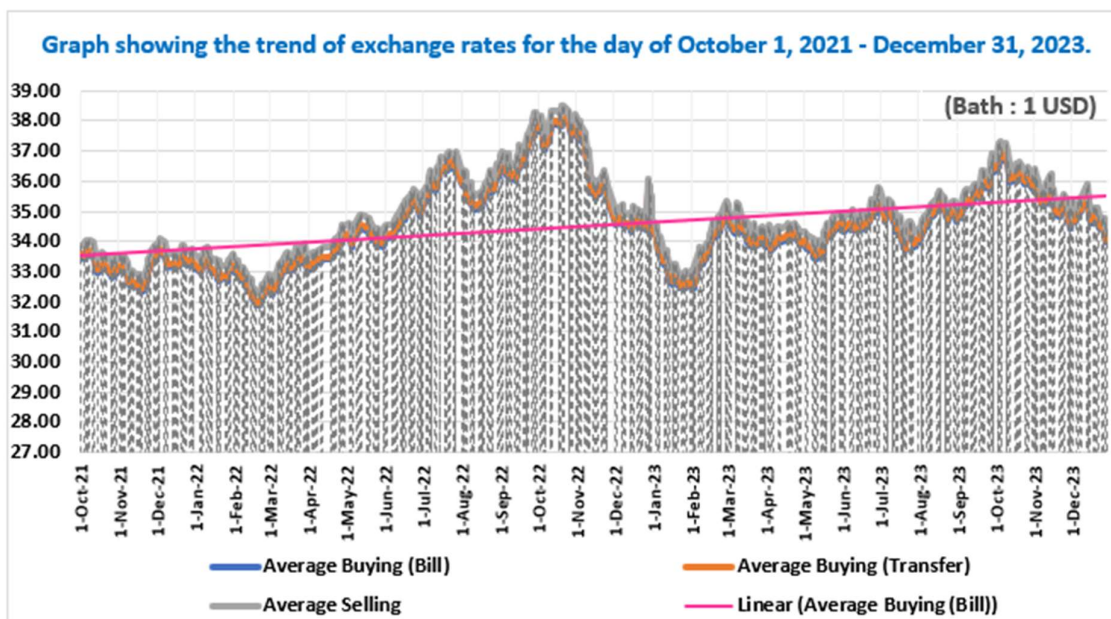
In 2022, our administrative expenses were THB 164.33 million, representing 0.65% of total sales. Our administrative expenses increased by 22.03% (or by THB 29.66 million) from 2021 due to the recognition of a loss of THB 20.91 million from obligations under rubber purchase contracts to comply with the Accounting Standard No. 37. The Company entered into these rubber purchase agreements with raw material suppliers in December 2022. This was compared with the rubber market prices reported by the Thai Rubber Association in which a loss was reported at THB 20.91 million. Also, salary and welfare expenses increased by THB 10.32 million.

In 2023, our administrative expenses were THB 152.16 million, representing 0.61% of total sales. Our administrative expenses decreased by 7.41% (or by THB 12.18 million) from 2022. The decrease was attributable to reversing the recognition of a loss of THB 16.69 million from obligations under purchase agreements to comply with the Accounting Standard No. 37. CSR activity expenses increased by THB 1.10 million, bank fees by THB 1.08 million, and product research and development expenses by THB 2.28 million. Our salary and welfare expenses increased by THB 12.70 million.



In 2023, our loss from foreign exchange was THB 45.42 million, representing 0.18% of our total sales revenue, compared to THB 103.36 million, or 0.41%, in 2022. Our loss from foreign exchange decreased by 56.06% (or by THB 57.95 million). The decrease was attributable to settlement of debts from international trade customers at a predetermined exchange rate with financial institutions using forward currency contracts for risk management.

Factors contributing to the loss (gain) from foreign exchange include fluctuations of exchange rates. This results from our improved management of exchange rate risk. The following table discusses statistical data on exchange rate fluctuations.



Financial costs

In 2021, our financial costs were THB 331.03 million, representing an increase by 45.68% (or by THB 103.80 million), due to interest on additional debentures issued in 2021 for working capital. As of 31 December 2021, our outstanding debenture value was THB 4,000 million.

In 2022, our financial costs were THB 421.07 million, representing an increase by 27.20% (or by THB 90.04 million), due to interest on additional debentures issued in 2022 for working capital. As of 31 December 2022, our outstanding debenture value was THB 6,114.30 million.

In 2023, our financial expenses were THB 439.83 million, representing an increase by 4.46% (or by THB 18.76 million), due to interest on additional debentures issued in 2022 for working capital. As of 31 December 2023, our outstanding debenture value was THB 4,814.30 million.

In 2022, our other income was THB 30.63 million, comprising THB 22.35 million from interest compensation through participation in the Rubber Authority of Thailand's rubber revolving fund, THB 2.84 million from scrap sales, THB 2.26 million from energy crop projects, and THB 1.87 million in interest from fixed deposits.

In 2023, our other income was THB 11.93 million, comprising THB 3.89 million from scrap sales, THB 3.27 million from energy crop projects, and THB 3.50 million in interest from fixed deposits.

In 2022, our corporate income tax expenses were THB 53.85 million, representing an increase by THB 17.52 million from 2021, due to adjustments in the deferred tax assets and liabilities account of THB 9.37 million.

In 2023, our corporate income tax expenses were THB 84.39 million, representing 0.34% of sales revenue, or an increase by THB 30.54 million from 2022. This increase was because investment promotion certificate benefits for ribbed smoked sheets (RSS) and STR-mixtures rubber products at plant No. 1 expired.

Net profit

In 2021, our net profit was THB 1,850.19 million, representing a net profit margin of 7.57% of total sales, compared to 5.25% in 2020. Our net profit in 2021 increased by 115.46% (or by THB 991.51 million) from 2020 and our net profit margin increased by 2.32%. Main factors contributing to the increase in our net profit include a reduction in the cost of goods sold. This was attributable to efficient management of raw material procurement and usage, and management of the balance between purchase and sale prices. In 2021, rubber prices were less volatile. This was coupled with an average 18.47% increase in the selling price each unit for STR and mixtures rubber products compared to the previous year. We also successfully managed operating expenses efficiently.

In 2022, our net profit was THB 1,748.00 million, representing a net profit margin of 6.94% of total sales revenue. Our net profit margin decreased by 0.63% from 2021 when our net profit margin was 7.57%. The net profit decreased by 5.52% (or by THB 102.19 million) from 2021 due to the increase in average selling cost.

In 2023, our net profit was THB 1,545.60 million, representing a net profit margin of 6.17% of total sales revenue. Our net profit in 2023 decreased by 11.58% (or by THB 202.40 million) from 2022. The decrease in net profit margin was attributable to a decrease in the average selling price from THB 56.42 a kilogram in 2022 to THB 50.38 a kilogram in 2023.

Financial position

| Statement of financial position | | | | | | |
|---------------------------------|------------------|---------|------------------|---------|------------------------------------------------|---------|
| | 31 December 2023 | | 31 December 2022 | | Difference increase / decrease by: THB million | |
| | THB million | % | THB million | % | THB million | % |
| Current assets | 14,626.88 | 86.86% | 14,232.31 | 87.28% | 394.57 | 2.77% |
| Non-current assets | 2,212.24 | 13.14% | 2,074.23 | 12.72% | 138.01 | 6.65% |
| Total assets | 16,839.12 | 100.00% | 16,306.54 | 100.00% | 532.58 | 3.27% |
| Total debt | 9,370.52 | 55.64% | 9,718.71 | 59.60% | (348.19) | (3.58%) |
| Shareholder's equity | 7,468.60 | 44.36% | 6,587.83 | 40.40% | 880.77 | 13.37% |



Our total assets as of 31 December 2023 were THB 16,839.12 million, representing an increase by 3.27% (or by THB 532.58 million) from 31 December 2022. Summary details are discussed below.

Our current assets in 2023 increased by 2.77% (or by THB 394.01 million) from the following items.

- Our cash and cash equivalents decreased by 95.62% (or by THB 1,334.64 million) due to the repayment of debentures No. 1/2021, at THB 1,300 million, which became mature on 9 October 2023.
- Our trade receivables and other current receivables decreased by 30.29% (or by THB 299.93 million) due to the accelerated receipt of payments for goods from trade receivables. The following table discusses details of trade and other receivables.

| Trade accounts receivable and other receivables (Unit : THB million) | | | |
|----------------------------------------------------------------------|------------------|------------------|-----------------|
| | 31 December 2023 | 31 December 2022 | Increase |
| Trade account receivables | 647.25 | 925.14 | (277.89) |
| Advance expenses | 39.09 | 36.65 | 2.44 |
| Accrued interest | 1.13 | 22.88 | (21.75) |
| Other receivables | 2.82 | 5.55 | (2.73) |
| Total trade and other receivables – net | 690.29 | 990.22 | (299.93) |

- Our inventories increased by 17.09% (or by THB 2,020.49 million) due to the purchase of rubber to ensure that the stock level was adequate to meet orders following the expansion of STR production capacity for the second plant.

| Inventories (Unit : THB million) | | | |
|----------------------------------|------------------|------------------|-----------------|
| | 31 December 2023 | 31 December 2022 | Increase |
| Finished product | 912.94 | 310.35 | 602.59 |
| Products in progress | 76.99 | 140.41 | (63.42) |
| Raw materials | 12,823.44 | 11,346.62 | 1,476.82 |
| Plant materials | 28.91 | 24.41 | 4.50 |
| Net inventories | 13,842.28 | 11,821.79 | 2,020.49 |

Our non-current assets increased by 6.65% (or by THB 138.01 million) from below significant items.

- Restricted deposits at banks increased by 19.40% (or by THB 68.91 million) from fixed deposits to secure short-term loans with banks.
- Net property, plant, and equipment increased by THB 75.58 million due to additional expenditures on a solar power generation system totaling THB 36.94 million, enhancements to production lines for increased efficiency at the STR plant amounting to THB 23.70 million, and interior decoration of a new office building amounting to THB 13.34 million.

The following table discusses key details of our depreciation policy.

| Asset types | Number of years depreciated |
|----------------------------------------------|-----------------------------|
| Land improvements | 5-20 |
| Buildings and building improvements | 5-20 |
| Machinery and equipment | 5-10 |
| Napier grass and corn plots | 10 |
| Office decorations, fixtures, and appliances | 5 |
| Vehicle | 5 |

Note : We do not charge depreciation for land and assets under construction and installation.

Source of funds

Our total liabilities as of 31 December 2023 were THB 9,370.52 million, representing a decrease by 3.58% (or by THB 348.19 million) from 31 December 2022, primarily due to:

A decrease in current liabilities by 4.98% (or by THB 224.54 million) because of the following items:

- Bank overdrafts and short-term loans from financial institutions increased by 43.26% (or by THB 1,165.63 million) due to the utilisation of loan facilities from financial institutions.

| Short-term loans from financial institutions | | | Unit : THB million |
|----------------------------------------------|------------------|------------------|---------------------|
| Type | 31 December 2023 | 31 December 2022 | Increase (Decrease) |
| Packing credit loans | 2,587.60 | 1,683.90 | 903.70 |
| Promissory notes | 1,272.70 | 1,010.77 | 261.93 |
| Total | 3,860.30 | 2,694.67 | 1,165.63 |

- Trade and other payables decreased by 24.46% (or by THB 69.23 million) due to a reduction in merchandise payables of THB 20.43 million and a decrease in deposits received/revenue received in advance by THB 35.52 million.

The following table discusses details of trade and other payables.

| Trade and other payables | | | (Unit: THB million) |
|----------------------------------------|------------------|------------------|---------------------|
| | 31 December 2023 | 31 December 2022 | Increase (Decrease) |
| Deposit received in advance | 0.92 | 36.43 | (35.51) |
| Trade account payables | 51.98 | 61.12 | (9.14) |
| Accrued loan interest | 43.78 | 52.46 | (8.68) |
| Accrued expenses | 100.48 | 117.57 | (17.09) |
| Purchases of fixed assets by creditors | 16.65 | 15.46 | 1.19 |
| Accrued dividends | 0.01 | 0.01 | 0.00 |
| Total | 213.82 | 283.05 | (69.23) |



- The portion of debentures maturing within one year decreased by THB 1,300.00 million due to the repayment of mature debentures from the issue No. 1/2021, valued at THB 1,300 million, which became mature on 9 October 2023.

| Debentures (net) | | Unit : THB million |
|-------------------------------------------------------------------------------|------------------|--------------------|
| | 31 December 2023 | 31 December 2022 |
| Debentures | 4,814.30 | 6,114.30 |
| <u>Less</u> deferred expenses directly associated with the debenture issuance | (35.07) | (49.68) |
| Net | 4,779.23 | 6,064.62 |
| <u>Less</u> the portion mature within one year | - | (1,300.00) |
| Debentures - Net | 4,779.23 | 4,764.62 |

Our non-current liabilities decreased by 2.37% (or by THB 123.65 million) due to a decrease in long-term loans by 33.04% (or by THB 138.17 million) from the repayment of loans that matured.

Our shareholders' equity as of 31 December 2023 was THB 7,468.60 million, representing an increase by 13.37% (or by THB 880.77 million) from 31 December 2022, resulting from the following items.

- An increase from net profit for 2023 by THB 1,545.60 million
- A decrease from two dividend payments, the first from the 2022 operating results by resolution of the annual general meeting of shareholders on 10 April 2023, at a rate of THB 0.31 each share, amounting to THB 572.81 million on 9 May 2023. The second payment was interim dividends from the operating results for the first 6 months of 2023, at a rate of THB 0.05 each share on 8 September 2023, totaling THB 92.40 million.

Financial ratios

Current ratio

As of 31 December 2023, our current ratio was 3.42 times, representing an increase from 3.16 times in 2022. This increase in current ratio was attributable to an increase in current assets, primarily due to a significant increase in inventories, while current liabilities decreased following the repayment of maturing debentures.

Cash cycle

As of 31 December 2023, our cash cycle was 220 days, an increase from 200 days in 2022. This extension in the cash cycle resulted from an increase in the average time to sell products, from 186 days to 208 days because adequate stocks of raw materials and finished goods are maintained to meet sales plans and deliver products to customers, mitigating the risk of rubber price fluctuations.

Return on assets (ROA)

As of 31 December 2023, our return on assets was 9.33%, a decrease from 11.45% on 31 December 2022. This decrease was attributable to an increase in total assets from cash and inventories. The objective was to support higher production capacity and sales volume, while net profit decreased from that of 2022.

Return on equity (ROE)

As of 31 December 2023, our return on equity was 21.99%, representing a decrease from 29.05% in 2022, due to a decrease in net profit and an increase in average shareholders' equity from retained earnings.

Debt to equity ratio

As of 31 December 2023, our debt to equity ratio was 1.25 times, representing a decrease from 1.48 times in 2022. This decrease was attributable to an increase in shareholders' equity from higher retained earnings from our net profits and a decrease in total debt after the repayment of maturing debentures, causing debt to equity ratio to become lower.

Interest bearing debt to equity ratio: IBD/E ratio

As of 31 December 2023, our interest-bearing debt to equity ratio was 1.22 times, representing a decrease from 1.42 times in 2022. This decrease was attributable to a decrease in interest-bearing debt after the repayment of long-term loans and maturing debentures, coupled with an increase in shareholders' equity from retained earnings, causing the interest-bearing debt to equity ratio to decrease.



| Cash flow | Unit : THB million | |
|----------------------------------------------------------|--------------------|------------------|
| | 31 December 2023 | 31 December 2022 |
| Net cash flow provided by operating activities | 367.21 | 1,258.35 |
| Net cash used in investing activities | (308.75) | (430.33) |
| Net cash flow from (used in) financing activities | (1,393.10) | 27.75 |
| Net increase (decrease) in cash and cash equivalents | (1,334.64) | 855.77 |
| Cash and cash equivalents at the beginning of the period | 1,395.82 | 540.05 |
| Cash and cash equivalents at the end of the period | 61.18 | 1,395.82 |

As of 31 December 2023, our cash flow from operating activities was THB 367.21 million, primarily due to an increase in our net profit by THB 1,545.60 million. Cash flow used in inventories was THB 2,055.55 million.

Our cash flow used in investing activities was THB 308.75 million, primarily allocated to projects including the enhancement of production lines for increased capacity of STR at the second plant, electricity generation from solar energy for internal plant use, biogas production, production of finished goods from natural rubber, and the construction of new office buildings.

Our cash flow from financing activities was THB 1,393.10 million, mainly due to the repayment of maturing debentures from the issue No. 1/2021, valued at THB 1,300 million, which became mature on 9 October 2023.

Investment expenditures

In 2023, our investment expenditures were THB 246.41 million, a decrease from THB 334.25 million in 2022. Key investments included upgrading production processes to enhance efficiency at the STR plant No. 1 for THB 56.68 million, improving production processes and boosting capacity at the STR plant No. 2 for THB 68.50 million, a finished product production project for THB 14.63 million, installation of an additional solar energy production system for THB 37.30 million, land improvement and construction of water storage ponds for THB 12.54 million, construction and decoration of new office buildings for THB 31.42 million, and the purchase of vehicles for operational use at THB 22.48 million.

| Investment expenditures | Unit : THB million | | |
|-----------------------------------------|--------------------|------------------|--------------------------|
| | 31 December 2023 | 31 December 2022 | Difference (Decrease) |
| Investment expenditures in fixed assets | 246.41 | 334.25 | (87.84) |

Off-balance sheet obligations

As of 31 December 2023, our off-balance sheet obligations are:

- obligations from (1) ongoing construction work, including the procurement and installation of machinery and equipment for various projects, amounting to approximately THB 123.8 million, (2) the acquisition of vehicles, totaling THB 1.6 million, and (3) the procurement and installation of intangible assets, specifically computer programs, totaling approximately THB 5.4 million.
- Letter of Guarantee issued by a domestic bank in favour of two government entities totaling approximately THB 15.4 million, secured by our savings deposits with the same bank, amounting to approximately THB 2.4 million.
- obligations under the rubber purchase agreement with unrelated sellers totaling approximately THB 31.7 million.

Factors that may affect future operations or financial position

Impact of events after the accounting period

The Board of Directors' meeting No. 1/2024 on 27 February 2024 approved important matters for shareholders' approval at the 2024 annual general meeting of shareholders. These matters are discussed below.

The final dividend payment for the 2023 operating results to shareholders will be THB 0.29 each share, totaling approximately THB 535.86 million of dividend payment. This will be paid from the entirety of the investment-promoted profits. The dividend payment is scheduled on 9 May 2024.

The Board of Directors' meeting No. 2/2024 on 29 February 2024 approved important matters for shareholders' approval at the 2024 annual general meeting of shareholders. These matters are discussed below.

No more than 307,964,958 units of the Company's second tranche of warrants (NER-W2) are to be issued to existing shareholders in proportion to their shareholding at no cost. The issuance ratio will be 6 existing ordinary shares to 1 unit of warrant (6:1). The exercise price of the warrants will be THB 5.50 each share. The record date to determine shareholders to receive NER-W2 is 23 April 2024. The allocation date of NER-W2 is 16 May 2024.

The Company's registered capital is to be reduced by THB 80,839,071 from THB 1,004,733,945 to THB 923,894,874 by canceling 161,678,142 authorized but unissued ordinary shares, each at a par value of THB 0.50. These include: (1) authorized but unissued shares to support the issuance and general mandate offering of 161,467,890 ordinary shares by resolution of the 2023 annual general meeting of shareholders; and (2) the remaining 210,252 shares to support the exercise of warrants (NER-W1), the exercise period of which has already expired.

The Company's registered capital is to be increased by THB 153,982,479 from THB 923,894,874.00 to THB 1,077,877,353 by issuing no more than 307,964,958 new ordinary shares, each at a par value of THB 0.50 to support the issuance and offering of NER-W2.



5.1 General Information

| | |
|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company name (Thai) | North East Rubber Public Company Limited |
| Company name (English) | North East Rubber Public Company Limited |
| Securities abbreviation | NER |
| Type of business | Mnufacture and sale of rubber products, including Ribbed Smoked Sheet (RSS), Standard Thai Rubber 20 (STR20), and Mixture Rubber for distribution to both domestic and international manufacturers in the automotive industry and the intermediaries |
| Head office | No. 398 Moo 4, Kok Ma Sub-district, Prakhonchai District, Buriram 31140 |
| Branch/Sale office | <ul style="list-style-type: none"> - No. 398 Moo 4, Kok Ma Sub-district, Prakhonchai District, Buriram 31140 - No. 398/1 Moo 4, Kok Ma Sub-district, Prakhonchai District, Buriram 31140 - No. 158 Moo 3, Takotaphi Sub-district, Prakhonchai District, Buriram 31140 - No. 589/156 28th Floor, Central City Tower, Debaratana Road, Bang Na Nuea Sub-district, Bang Na District, Bangkok 10260 (Sale office) - No. 254 Moo 4, Kok Ma Sub-district, Prakhonchai District, Buriram 31140 |
| Telephone (Head office) | (66) 4466 6928 / (66) 4466 6929 |
| Fax (Head office) | (66) 4466 6212 / (66) 4466 6213 |
| Website (URL) | www.nerubber.com |

Head office location map



5.2 Other Significant Information

| Other Significant Information | |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Auditor | M.R. & Associates Co., Ltd. Room 706 Chao Phraya Tower, No. 89 Soi Wat Suan Plu, Charoen Krung Road, Bangrak Sub-district, Bangrak District, Bangkok 10500 Telephone : (66) 2630 7500 Fax : (66) 2630 7506 |
| Internal auditor | Aim To Prosperity Company Limited No. 499 Soi Charansanitwong 75, Bang Phlat Sub-district, Bang Phlat District, Bangkok 10700 Telephone : (66) 8589 7594 |
| Financial advisor | Asset Pro Management Co., Ltd. No. 999/9 The Offices at Central World 10 th Floor, Room number 1011-1012 Rama I Road, Patumwan Sub-district, Patumwan District, Bangkok 10330 Telephone : (66) 2264 5678 Fax : (66) 2264 5679 |
| Securities Registrar | Thailand Securities Depository Co., Ltd. (TSD) The Stock Exchange of Thailand 1 st Floor, Tower B (next to the Embassy of The People's Republic of China) 93 Ratchadapisek Road, Dindaeng Sub-district, Dindaeng District, Bangkok 10400 Telephone : (66) 2009 9000 Fax : (66) 2009 9991 TSD Call center : (66) 2009 9999 |

5.3 Legal Disputes

As of 31 December 2023, the Company has no legal disputes as follows:

- 1) Disputes which may have a negative impact on the Company's assets exceeding 5% of the Company's shareholders' equity;
- 2) Disputes which have significantly affect the Company's operation but the assessment whereof cannot be quantified in numbers; or
- 3) Disputes which are not caused by the Company's normal business operation.



5.4 Secondary Market

The Company has been listed on the Stock Exchange of Thailand (SET) only and not listed on the stock exchanges of other countries as secondary markets.

5.5 Financial Institutions with Regular Contacts (for Debt Instruments)

| Financial Institutions / Securities Companies with Contacts | |
|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Debentures Registrar (Debentures No. NER25NA, NER26NA, NER279A, NER299A) | Bank of Ayudhya PCL 1222 Rama III Road, Bang Phongphang Sub-district, Yannawa District, Bangkok 10120 Telephone : (66) 2296 5715 |
| Bondholders' Representative (Debentures No. NER25NA, NER26NA) | Asia Plus Securities Company Limited No. 175 Sathorn City Tower, 3/1 Floor, South Sathorn Road, Thung Maha Mek Sub-district, Sathorn District, Bangkok 10120 Telephone : (66) 2680 1111 |
| Bondholders' Representative (Debentures No. NER279A, NER299A) | DAOL Securities (Thailand) Public Company Limited No. 87/2 CRC Tower, 18 th Floor., All Seasons Place, Wireless Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330 Telephone : (66) 2351 1800 |





Part 2

Corporate Governance

NORTH EAST RUBBER PUBLIC COMPANY LIMITED

6.1 Overview of corporate governance code

Northeast Rubber Public Company Limited (the “**Company**”) recognizes the importance of sound corporate governance and believes that an effective management system, a visionary Board of Directors, and executives who are accountable for their responsibilities are crucial for transparent and auditable management. Respecting the equal rights of shareholders and being accountable to stakeholders are key factors in enhancing value and maximizing long-term returns for both shareholders and the Company.

The Board of Directors has established the **Corporate Governance Code** and **Corporate Governance Guideline** of the Company in written forms as part of its business policy. These codes aim to enhance the Company's efficiency and foster sustainable growth, building confidence among shareholders, investors, and all relevant stakeholders. The Board of Directors has formulated a good corporate governance policy for listed companies (Corporate Governance Code: CG Code), adhering to the principles of good corporate governance set by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand's guidelines. The Company requires the Board of Directors, senior executives, and employees to acknowledge and adhere to these standards, and incorporates feedback from all stakeholders for continuous review, improvement, and development. This ensures that the Board of Directors performs its duties efficiently and with suitable corporate governance, leading to a management and decision-making process which is accountable and transparent. Details are disclosed on the Company's website (<http://www.nerubber.com>) under the topic of good corporate governance.

6.1.1 Policies and guidelines related to the Board of Directors

Scope of power and duties of the Board of Directors

The Board of Directors efficiently operates the Company's business in line with its objectives, drawing on knowledge, expertise, diligence, integrity, and care to safeguard the Company's interests and ensure compliance with relevant laws, the Company's objectives, and the Company's Articles of Association. This involves actively participating in the development of core business policies, as well as regularly reviewing and annually approving the Company's vision, strategies, and goals. The Board of Directors uses independent judgement to serve the best interests of the Company and all shareholders, acting with accountability and exercising careful diligence and scrutiny before making decisions. This approach is based on honesty, transparency, and ethics, with a commitment to considering the interests of all stakeholders. The Board of Directors also plays a crucial role in overseeing the execution of the Company's strategies. The Board of Directors requires reports on operational results and the progress of strategic initiatives to be presented quarterly to efficiently achieve set objectives and maximize benefits for both the Company and its shareholders.



For 2023, the Board of Directors has established a budget and set limits for authorizing investments and various expenditures. It has also reviewed the Good Corporate Code, and the Company's business ethics. This includes overseeing, monitoring, and auditing the management team's operations to ensure compliance with established standards.

Additionally, the Company has segregated the roles, duties, and responsibilities between the Board of Directors, Audit Committee, Risk Management Committee, Nomination and Sustainability Committee, and Executive Committee, according to the charter of each sub-committee.

Over the past year, the Board of Directors' meeting No.7/2022 on 8 December 2022 reviewed the Company's vision, mission, and business objectives for 2023.

6.1.2 Policies and practices relating to shareholders and stakeholders

The Company has formulated and periodically reviewed its corporate governance practices to align with the principles of good corporate governance for listed companies, as stipulated by the Stock Exchange of Thailand. These practices are categorized into five key areas: 1) rights of shareholders, 2) equitable treatment of shareholders, 3) roles of stakeholders, 4) disclosure and transparency, and 5) board responsibilities. These measures are designed to fit the current business environment and ensure sustainable value creation for the business. Further details are discussed below.

- **1. Rights of shareholders**

The Company consistently recognizes the importance of policies or actions that protect the fundamental rights of all shareholders to ensure their trust and confidence in investing in the Company's business. This includes committing to the principles of fair treatment of shareholders and compliance with the law. These protection measures for shareholders include shareholders' right to receive profit sharing in the form of dividends. The Company has a cautious dividend payment policy, considering its financial status, performance, and cash flow. The Company also safeguards shareholders' right to attend general meetings, the right to vote on agenda items, and promotes the exercise of these rights without infringing on or diminishing any shareholder rights. This encompasses the fundamental right to attend general meetings and includes the rights to propose agenda items in advance, the right to nominate individuals for election to the Board of Directors, the right to participate fully in shareholder meetings by voting, expressing opinions, and posing questions. It also includes involvement in making decisions on significant corporate actions via voting on various agenda items, such as appointing committee members, fixing audit fees, and ensuring the timely receipt of appropriate and sufficient information. The Board of Directors has established a good corporate



governance policy in accordance with the principles of the Stock Exchange of Thailand, considering the rights of shareholders beyond those required by law. These may be reviewed on the Company's website.

2023 Annual General Meeting of Shareholders

The Company provided shareholders with the opportunity to submit agenda items and nominate individuals in advance for appointment to the Board of Directors, as well as to submit questions in advance, from 5 October 2022 to 5 January 2023. As of the end of this period, no shareholder had proposed an agenda, nominated an individual, or submitted questions in advance of the meeting, using the specified channels for question submission via mail to the Company Secretary Department at No. 398, Moo 4, Khok Ma Sub-district, Prakhon Chai District, Buriram Province 31140, or via email to investor@nerubber.com, or fax to 044-666-212-3.

The Company published an invitation to the 2023 annual general meeting of shareholders and various meeting documents, including the 2023 annual general meeting of shareholders report, through the SET's news system and the Company's website, from 10 March 2023. The Company delegated this task to the Thailand Securities Depository Company Limited, the securities registrar, which sent the meeting invitations to shareholders by registered mail from 17 March 2023.

Due to the ongoing COVID-19 outbreak in 2023, the Company prioritized shareholders' health and safety and organized an annual general meeting of shareholders electronically (E-AGM) to address concerns regarding the COVID-19 spread in various high-risk locations. The Chairperson of the Board of Directors, the Board of Directors, and legal advisers attended this meeting. Mr. Chanitr Charnchainarong, Chairperson of the Board of Directors, presided over the general meeting. He ensured that the meeting complied with the Company's Articles of Association and allocated appropriate time for each agenda item specified in the meeting notice. All shareholders were offered the opportunity to express their opinions and ask questions relevant to the Company during the meeting. The 2023 annual general meeting of shareholders was held on 10 April 2023, from 10:00 a.m. to 11:30 a.m. The meeting was broadcast live from the Pavilion West meeting room, Rosewood Bangkok Hotel, located at 1041/38 Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok 10330. All seven members of the Board of Directors attended the meeting, representing 100% of the entire Board of Directors. An auditor and legal advisors also attended the meeting to listen to opinions and answer shareholders' questions. Shareholders attended the meeting both in person and by proxy. The Company also facilitated voting by shareholders who were unable to attend the meeting by appointing proxies to participate.

A proxy form allowing shareholders to specify their voting directions was sent as an attachment to the shareholders' meeting invitation and published on the Company's website. The Company proposed two



independent directors to serve as proxies, providing shareholders with an alternative option and ensuring transparency in accepting proxies to act on their behalf. On 10 April 2023, after the annual general meeting of shareholders, the Company published the resolutions and voting results for each agenda item.

For the 2023 annual general meeting of shareholders, the Company published the minutes of meeting, video, and audio recordings of the meeting, as well as details of the meeting through the Stock Exchange of Thailand's news system and the Company's website (<http://www.nerubber.com>) under the "Shareholders' Meeting" section.

- **2. Equitable treatment of shareholders**

The Company prioritizes the importance of treating shareholders fairly. It ensures that the interests of shareholders at all levels, whether large or small, individuals or institutions, or of different nationalities, are cared for equally and fairly. The Company provides shareholders with the opportunity to vote, to propose meeting agenda items, and to nominate qualified candidates for election as directors at least 90 days before the general meeting of shareholders. The Company also publishes the criteria for exercising these rights on its website. The Company also provides equal and fair benefits to shareholders, such as voting rights and the right to receive dividends.

Shareholders may appoint proxies to attend the Company's general meeting of shareholders and vote on their behalf. Shareholders are entitled to receive documents and instructions for appointing proxies. A lawful proxy is entitled to attend and vote at the general meeting after submitting the proxy form to the directors, enjoying the same rights as shareholders in all respects. Shareholders may appoint an independent director as their proxy to attend the meeting and vote on their behalf. Shareholders are entitled to receive complete and appropriate information on the backgrounds and work information of each independent director for their consideration. No new agenda will be added on the day of the shareholder meeting without prior notification to the shareholders.

The Company accurately and completely records meeting minutes and submits the report to the Stock Exchange of Thailand. The Company prioritizes the accurate, complete, timely, and transparent disclosure of information to shareholders. The Company discloses up-to-date information through the Company's website and various media so that shareholders can receive important information about the Company, including changes and information disclosed to comply with the requirements of various regulatory agencies. Minority shareholders may also directly contact the Company Secretary for information at investor@nerubber.com.

In 2023, the Company strictly adhered to its policy of treating shareholders equally. As a result, there were no instances of violating or failing to adhere to guidelines that would prevent shareholders from communicating with the Company.



Preventing the use of inside information

Northeast Rubber Public Company Limited has established a policy under which the Board of Directors and executives have defined guidelines for disclosing information to shareholders equally and regularly within a timeframe and duties. The Company prioritizes disclosing material information completely, correctly, timely, and in accordance with the criteria set by regulatory authorities. Customers, shareholders, investors, or interested parties can access information about the Company or request additional information through the Company's website and various media channels. The Company has appointed an investor relations officer and a Company Secretary to be responsible for providing information or answering questions regarding general information and to serve as the contact person for coordinating with those directly involved. The Company's disclosure policy limits the use of inside information to relevant middle to senior executives who are involved. The Vice President of Accounting and Finance will keep audited or reviewed financial statements. Other confidential information will only be used for consultation with individuals at the managerial level and above. The Company has penalties in place for individuals who cause damage through misuse of the Company's inside information.

In 2023, the Company strictly adhered to its inside information policy. Consequently, there were no instances of violation or non-compliance with the Company's inside information policy.

Supervision of securities trading

The Company ensures that the use of inside information complies with the law and good corporate governance principles. The Company's inside information policy is to ensure that directors, executives, and employees (including their spouses and minor children) who have access to inside information that may affect the Company's securities prices, including its operating results, do not trade in the Company's securities from the time they become aware of the information until it is disclosed to the public. They are also prohibited from using undisclosed inside information to influence securities prices, particularly in the one month before the financial statements are publicly disclosed. However, this prohibition does not apply if they are confident that they do not possess sensitive information or information that has not yet been disclosed to the public.

The Company's Board of Directors and executives must disclose and report to the Office of the Securities and Exchange Commission any changes in the Company's securities holdings whenever there is a trade or transfer of securities, including changes in securities ownership by spouses and minor children. This is to comply with section 59 of the Securities and Exchange Act, B. E. 2535 (1992). They are also required to be aware of the penalties under the Act. Directors and executives can report changes in their securities holdings through the SEC's website immediately after applying and completing their personal information for identity confirmation. This can be done within 3 days after change to securities holdings. Reporters may also use the



following link for reporting: <https://market.sec.or.th/public/idisc/th/r59>. The Company has delegated the Company Secretary to advise and assist the Board of Directors and executives with reporting.

All directors and executives have signed an acknowledgment of their obligation to report their securities holdings in the Company, including those of their spouses and minor children.

In 2023, the Company's Investor Relations Department emailed relevant individuals to inform them in advance of the blackout period. Directors and executives did not buy or sell the Company's securities, and there was no evidence of directors, executives, or related employees trading securities during the Company's designated blackout period. Additionally, no other related misconduct was found.

Reporting on interests of directors and executives

The Company requires all directors and executives to report their financial interests and conflicts of interest, as well as those of related parties, when entering into any transactions with the Company. The reporting obligation starts when they assume their position for the first time. They must also report any changes in this information during their tenure and submit an annual report at the end of each year. The Company has appointed the Company Secretary to collect and maintain reports and submit them to the Chairperson of the Board of Directors and the Chairperson of the Audit Committee for review and oversight of the interests of directors and executives, in accordance with good corporate governance principles.

Reports on conflicts of interest and related party transactions

To prevent conflicts of interest, the Company has implemented a policy to prevent conflicts of interest. This policy includes definitions and practices regarding conflicts of interest, which were approved at the Board of Directors' Meeting No.8/2023 on 8 December 2023. The policy is reviewed regularly to ensure transparent operations and compliance with good corporate governance principles.

The Company prioritizes the transparent consideration of various transactions for the Company's interest. Therefore, the Company has established guidelines for directors, executives, and employees to prioritize the prevention of transactions that may give rise to conflicts of interest, related party transactions, or connected transactions of the Company. The key guidelines are discussed below.

1. Company directors and executives must notify the Company of any relationships or transactions related to the Company's business that may create conflicts of interest.
2. Company directors and executives must avoid conducting any transactions related to company directors, executives, or related persons which could cause conflicts of interest with the Company. When it is necessary to proceed with such a transaction, the information on related party transactions must be

presented to the Audit Committee via the Company Secretary for consideration and opinion. The matter must then be presented to the Board of Directors and/or the Company's shareholders' meeting for approval. This is to comply with the regulations on connected transactions of the Stock Exchange of Thailand, the Capital Market Supervisory Board, and the Office of the Securities and Exchange Commission, as well as good corporate governance principles.

3. Executives and employees must adhere strictly to the Company's Articles of Association and business ethics, which are critical for ensuring the Company is trustworthy and reliable to all stakeholders. The Company has disseminated information to all employee to ensure they understand these practices.

To manage transactions that could give rise to conflicts of interest, the Company has set out written procedures for approving transactions involving the Company or individuals with potential conflicts. A director will not be entitled to vote on any matter in which they have an interest.

A responsible department will summarize information relating to a related party transaction to be presented to the Company Secretary. The matter will then move through the established approval process. Interested executives and directors must not participate in the transaction approval process. Furthermore, the Audit Committee will jointly oversee these related party transactions to ensure they are necessary, reasonable, and fairly priced.

In 2023, the Company adhered strictly to its policies, resulting in no violations of its conflict of interest policy.

- **3. Roles of stakeholders**

The Company acknowledges and prioritizes the rights of all stakeholders, including internal stakeholders such as employees, staff, and executives, and external stakeholders such as trading partners, suppliers, customers, shareholders or investors, financial institutions that support the Company, government agencies that coordinate with the Company, and the surrounding community. The Company is fully aware of its responsibilities towards these stakeholders and has set policies and practices to prevent infringement of intellectual property rights, including copyrights, patents, and trademarks. The Company will ensure stakeholders are protected according to their rights under applicable laws. The Company will not do anything that could infringe stakeholders' legal or contractual rights. The Company has established processes to encourage stakeholder participation in line with their roles and duties, aiming to enhance operating results, ensure smooth business operations, achieve sustainable stability, and generate equitable benefits for all. The Company has also implemented a complaint handling policy and established channels for reporting or lodging complaints, enabling stakeholders to communicate, offer suggestions, or relay information to the Audit Committee.



In 2023, the Board of Directors reviewed and updated the policies and practices regarding various stakeholder groups. This was to ensure the development of processes that foster cooperation between the Company and its stakeholders. This aims to achieve financial stability and business sustainability for the Company. The Company's established guidelines for engaging with each group of stakeholders are discussed below.

1. **Shareholders** The Company recognizes the fundamental rights of shareholders, ensuring fair treatment in accordance with legal requirements. Shareholders' rights include the rights to buy, sell, and transfer shares; to receive dividends; to access company information; to attend and vote at shareholders' meetings; to appoint proxies; to select directors and auditors; to express opinions and to ask questions at meetings; and to propose agenda items and to propose director nominations in advance. The Company ensures that shareholders are able to exercise their rights without infringement or diminution. It maintains a reliable accounting and financial system to satisfy shareholders, focusing on long-term growth and consistent, appropriate returns.
2. **Employees** The Company values all its employees, treating them equally and fairly. It ensures a positive work environment, focuses on quality of life, ensures safety, and offers compensation that matches each employee's skills and performance. The Company strives to enhance and develop each employee's potential, knowledge, skills, and experience to foster career advancement.

The Company organizes communication and training sessions for the Board of Directors, executives, and employees on business ethics and anti-corruption policies through orientation courses and various in-house seminars. These include training on Personal Data Protection Safeguard Management in Business (PDPSM) and other relevant topics, aimed at promoting honesty, integrity, and responsibility in performing their duties. This ensures business operations comply with applicable laws, regulations, and principles of business ethics, while also appropriately enhancing employees' knowledge. The Company informs its employees of these training sessions via public relations boards and the Company's website, with training and annual reviews conducted once a year.

The Company has set up a Safety, Occupational Health, and ESG Committee to oversee workplace matters, offering specific training for those involved in supervision, advice, and dissemination of relevant information, including occupational accident prevention and health knowledge. This ensures employees are well-informed and can apply the practices correctly. The Company recognizes employee welfare and consistently reviews various benefits, including annual health check-ups, and travel expenses.



The Company has established a provident fund for employees, encouraging them to save for their retirement. This serves as a welfare benefit, fostering stability and financial security for employees after their employment ends or when they retire.

The Company implements a personnel performance management system, establishing corporate key performance indicators based on the balanced scorecard principles, ensuring an efficient performance evaluation system. The Company has set both short-term and long-term employee compensation policies consistent with the organization's performance and linked to individual employee performance outcomes. Details of the policy are discussed below.

1. Short-term compensation : The Company sets compensation levels that are appropriately comparable with market rates of other organizations within the same industry. The objective is to maintain and enhance its competitiveness in human resources. It also establishes annual bonus payments based on the Company's operating results and performance, the Company's performance evaluation and Key Performance Indicators (KPIs).

2. Long-term compensation : The Company evaluates employee performance and potential, ensuring appropriate compensation for those with high skills and knowledge. It facilitates career growth that is consistent with its succession plan, and establishes programmes between employer and employees to motivate long-term development within the Company.

The Company has established an anti-corruption policy and communicates accurate information on corruption prevention to its personnel, fostering awareness, good conscience, and proper values that contribute to a positive organizational culture. The Company reviews this policy and its practices annually.

3. Partners The Company has an established procurement policy under which it selects its business partners and procures goods and services based on commercial terms. It strictly complies with contractual agreements and laws, as well as mutually agreed rules to foster long-term beneficial relationships with all business partners based on ethical principles. The Company encourages fair, equal, transparent, and auditable procurement. Additionally, the Company has developed a business code of ethics as a guideline to encourage its business partners to align their business conduct with the ethical standards and business practices of the Company. Moreover, the Company has initiated a sustainable supply chain project with its business partners to enhance



their engagement by adding value and boosting their income. This includes contributing to social and environmental development, aiming to foster mutual growth and sustainability.

4. **Competitors** The Company advocates for and supports business operations with integrity, transparency, and fair competition based on equality with competitors. It adheres to regulatory frameworks and promotes healthy competition, refraining from any actions that breach laws or ethical standards. This includes not seeking competitors' confidential information through dishonest or inappropriate methods and not tarnishing the reputations of competitors with unfounded allegations.
5. **Customers** The Company is committed to its customers. It operates its business responsibly by manufacturing products of high quality and standards, offering excellent and consistent services, and delivering products timely. This approach aims to ensure customer satisfaction, foster good and sustainable relationships, and emphasizes the importance of establishing fair and equal pricing under its pricing policy. The Company is also dedicated to continually enhancing the quality of its products and services. This includes transparently disclosing information about initiatives in community, social, and environmental projects and activities, serving as a means of communication and striving for maximized customer satisfaction. The Company surveys customer satisfaction to evaluate and enhance the quality of its products and services, aiming to further increase customer satisfaction. The Company has set guidelines for employees and maintains a policy to safeguard confidentiality of customer information. The Company has communicated this policy to all relevant employees.
6. **Creditors** The Company conducts its business cautiously, treats creditors fairly, and repays debts on time. It also strictly adheres to the terms and conditions of financial agreements. The Company also controls the use of funds to ensure it is consistent with the financing objectives expressed to creditors or financial institutions. The Company has devised a repayment plan, overseen the asset quality, and carried out any other actions that have been agreed with creditors and other creditors of the Company. It has disclosed accurate, transparent, and auditable information to creditors. If circumstances warrant a change in the specified conditions, the Company will promptly notify its creditors to collectively consider corrective measures by applying the principles of reasonableness. The Company is committed to maintaining a sustainable relationship with its creditors, fostering mutual trust to prevent any damage. Historically, the Company has consistently met its debt obligations to creditors on time.



7. **Government agencies and related organizations** The Company strictly adheres to the laws, rules, regulations, and directives of relevant government agencies in various fields, including environment, safety, labour, management, taxes, finance, and accounting. This also includes compliance with various announcements issued by relevant government authorities.
8. **Community, society, and environment** The Company prioritizes, cares about, and is attentive to safety, the environment, and the quality of life of the public. It takes responsibility for society and surrounding community. It supports community activities, and develops the environment of the community and society for an improved standard of living.

The Company prioritizes its neighbouring communities by engaging with them through employment, purchasing raw materials, and organizing various community development activities. This includes educating, promoting, and supporting local communities. The Company also monitors the progress of projects undertaken with the community every year.

For the year 2023, the Company has continued to implement various projects in collaboration with the community and society. These include:

- (1) NER Project - Learning Library: This project, now in its second year, focuses on providing a library for learning.
- (2) NER Project - Electronic Library: Building on the learning library project, this initiative introduces an electronic library for learning.
- (3) NER Project - Sustainable Community Agriculture: This is a project aimed at promoting sustainable agriculture within the community.
- (4) NER Project - Green Market.
- (5) NER Project - Health Check-ups: This initiative focuses on conducting health check-ups for vulnerable groups in the community living in 4 villages around the factory.
- (6) NER Project - Health Knowledge: The Company disseminates health knowledge to employees through the Science and Technology Caravan.

Additionally, the Company supports Huai Rat Hospital and the Ban Talung Kao Subdistrict Health Promoting Hospital by providing budgetary and material assistance. Furthermore, the Company supports the budget for maintaining Buddhism and promoting traditions and customs.

The Board of Directors is also aware of the importance of social and environmental care. The Company promotes knowledge sharing and training for employees to cultivate a sense of responsibility towards society and the environment at all levels. The Company also encourages employees to participate in various activities, including those related to environmental safety, occupational health, and labour practices. This includes adhering to ISO 14001 requirements, conducting internal audits, and measuring and evaluating environmental performance.



Intellectual property and copyright

The Company has a policy to prohibit infringement of intellectual property and copyrights. It puts in place guidelines to address any infringement issues. This includes prohibiting all individuals within the Company from engaging in any activities that violate the intellectual property of others, including trademark, copyright, or patent. A policy is also put in place to regulate the use of information technology systems and a process to prevent the use of software that may infringe copyright.

Anti-corruption policy

The Company consistently prioritizes and is committed to combating corruption. The Company has implemented an anti-corruption policy, and issued regulations in accordance with this anti-corruption policy. The Company also puts in place a written policy for reporting misconduct, prioritizing the battle against corruption and misconduct. The Company has clear policies and procedures for compliance, monitoring, and reporting. These include measures for lodging complaints, a reporting channel for providing information or clues about wrongdoing or corruption, as well as measures to protect whistleblowers. Whistleblowers who report information or complaints will be protected and their identity will be kept confidential. Reported matters will be cautiously and fairly investigated.

The Company has disseminated its anti-corruption policy and whistleblowing measures through the internal electronic communication system (E-Mail). The Company has also published this policy on the Company's website (www.nerubber.com) under the "Good Corporate Governance/Anti-Corruption and Whistle-Blowing Handbook" section.

Furthermore, the Company promotes the cultivation of awareness and values in combating corruption for its board members, executives, and employees by strictly adhering to relevant laws, announcements, and regulations. The Company has declared its determination and commitment to ongoing participation in the battle against bribery and corruption. This declaration ensures that trading partners, business affiliates, investors, and stakeholders are aware of the Company's stance.

Whistleblowing

The Board of Directors has established channels through which stakeholders can contact, lodge complaints, and report issues that may harm the Company. These include illegal activities, violations of human rights, breaches of rules and regulations, and any unethical business practices, such as bribery, fraud, or corruption, which could lead to reputational or property damage and loss. Stakeholders may lodge complaints or reports using the following channels.



By post: To “Chairperson of the Audit Committee”
Northeast Rubber Public Company Limited
No. 398 Moo 4, Khok Ma Sub-district, Prakhon Chai District Buriram Province
31140

Email : To the Chairperson of the Audit Committee at email CAC@nerubber.com

Website : Complaints can be lodged through the Company's website.
<https://www.nerubber.com/whistleblowing-or-complaints-policy>

The Company has established measures for whistleblowing, protecting whistleblowers, protecting parties against whom complaints are made, investigating procedures, penalty consideration, and prevention and evaluation. The Company's internal audit department will review complaints before presenting them to the Audit Committee. Information regarding complaints and whistleblowing will be protected and kept confidential. The Audit Committee will investigate the complaints and find solutions, and will report to the Board of Directors. This is outlined in the anti-corruption and whistleblowing policy. For more details, please visit our website at www.nerubber.com.

- **4. Disclosure and transparency**

The Company prioritizes information disclosure. The Board of Directors reviews and considers the Company's information disclosure policy, suitability of disclosure, and use of the Company's material information. The Company will ensure timely, accurate, complete, and transparent disclosure of important information related to the Company's business operations and financial reports. The disclosure will adhere to regulations concerning information disclosure prescribed by the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. Information will be presented in an easily understandable format using Annual Information Statement/Annual Report (Form 56-1 One Report) through the Company's website, ensuring accessibility and reliability. The Company's Investor Relations Department will prepare an annual investor relations plan. The department is responsible for providing effective channels to communicate information to investors, shareholders, and securities analysts. This includes using such communication channels as sending news, conducting quarterly result briefings, and publishing information through the Company's website at www.nerubber.com. The Company will also disclose information through Form 56-1 One Report and through the Stock Exchange of Thailand.



The Company ensures the accuracy and compliance of its financial reports with financial reporting standards. These reports are audited by independent auditors certified by the Office of the Securities and Exchange Commission.

The Company discloses its shareholding structure, including both the direct and indirect shareholdings of its directors and executives. Moreover, it has established a policy requiring directors to disclose reports of all their securities transactions.

The Company regularly presents its performance data to analysts and investors through Opportunity Days, Analyst Meetings, Company Visits, and Site Visits. This includes participating in meetings with investors and analysts both within the country and internationally, events organized by various institutions, and activities arranged by the Stock Exchange of Thailand for listed companies to meet investors. Additionally, the Company organizes press conferences and creates newsletters to disclose its financial position. Senior executives regularly participate in these activities alongside the Investor Relations Department. The following table discusses main activities organized by the Company organized in 2023.

| Activity schedule in 2023 | |
|-------------------------------------------------------------------------------------|----------------|
| Activity | Number (times) |
| Opportunity Day | 4 |
| Analyst Meeting | 4 |
| Meeting with investors to provide information. Company Visit/electronic meeting | 2 |
| Site visit (on-site). | - |
| Press releases to the media/newsletters presenting the Company's financial position | 1 |
| Total | 11 |

- **5. Board responsibilities**

The Board of Directors acts as the shareholders' representative. They must fulfil their responsibilities to achieve the objectives established for the best interest of the business and stakeholders. The Board of Directors understands its role and recognizes its responsibility as leaders in governing the organization to ensure good management. They must carry out their duties responsibly, carefully, and with integrity towards the organization, aiming to protect the Company's best interests while avoiding conflicts of interest. This includes adhering to laws, regulations, business objectives, Board resolutions, and shareholders' meeting resolutions. Furthermore, it involves ensuring accurate, complete, transparent, and timely information disclosure to shareholders, regulatory bodies, and the business's stakeholders.

The Board of Directors has clearly segregated the roles and responsibilities between the Board of Directors and the Company's management. The Board of Directors is tasked with establishing policies and overseeing their implementation at the policy level to ensure that business operations align with set objectives or primary goals. The Company's management, on the other hand, is responsible for day-to-day operations across various areas, ensuring actions comply with the Board of Directors' policies through honest, transparent, efficient, and effective practices, within the authority delegated by the Board of Directors.

The Board of Directors' responsibilities include setting objectives and main goals for business operations, formulating strategies, establishing operational policies, cultivating an organizational culture, and ensuring good corporate governance. They are also responsible for determining the Board of Directors' composition and duties, recruiting, developing, setting compensation for, and evaluating the performance of senior executives, as well as establishing the remuneration structure for senior executives.

The Board of Directors collaborates with management on matters including the development of organizational strategies that align with the vision, mission, objectives, or primary goals of the business and sustainable development. This collaboration extends to corporate risk management, assigning appropriate authority for actions within management's responsibilities, resource and budget allocation, monitoring and evaluating performance, and disclosing both financial and non-financial information.

The Board of Directors plays a crucial role in corporate governance by establishing practical guidelines, including the Board of Directors' composition, roles, duties, and responsibilities, as well as those of the Company's sub-committees. For more details, please review Form 56-1 One Report under the topic "Corporate Governance Structure," along with significant information about the Board of Directors, sub-committees, executives, employees, and others.

The Board of Directors also mandates regular monitoring of adherence to corporate governance policies and best practices. It ensures that all employees are informed about these governance policies and practices through the internal information system and has made this information accessible to the public via the Company's website (www.nerubber.com) under the section "Good Corporate Governance".



6.2 Business ethics

The Board of Directors has established a written code of business ethics to declare its commitment to conducting business according to the principles of excellent corporate governance. This code focuses on generating sustainable benefits for shareholders and considers the interests of all stakeholders. It encompasses ethical guidelines and practices for the Board of Directors, executives, and all employees, ensuring they operate the Company's business with integrity, moral and ethical values, compliance with laws and regulations, and transparent management. This commitment extends to being responsible towards stakeholders, prioritizing shareholders, customers, business partners, and taking responsibility for employees, the community, society, and the environment.

The Company reviews and updates its code of business ethics every year and consistently promotes adherence to these guidelines. It also focuses on communicating and fostering awareness of business ethics among directors, executives, and employees at all levels, ensuring every employee has a thorough understanding and knowledge of business ethics.

In 2023, the Company reported no violations of its business ethics.

The Company has also published a business ethics manual on its website (www.nerubber.com) under the title "Principles of Good Corporate Governance/Business Ethics", covering various aspects of the Company's business ethics. These are:

Code of ethics on responsibility to shareholders

The Company prioritizes the protection of shareholder rights, ensuring no actions are taken that violate or diminish these rights. It treats all shareholders with fairness and equality, actively promoting and supporting their entitlement to exercise various rights. The Company is committed to fostering a thriving business and aims to generate sustainable and stable long-term value for its shareholders.

Code of ethics on customer relations

The Company strives to ensure customer satisfaction and confidence by providing high-quality products and services that meet established standards at fair prices. It adheres strictly to contracts and various terms and conditions agreed with customers. It also places great emphasis on strictly maintaining customer confidentiality and fostering good relationships to ensure sustainable connections with customers. The Company has established management and channels for customers to inquire and lodge complaints about products and services, ensuring swift responses to customer needs.



Code of ethics on relationships with business partners and competitors

The Company prioritizes the selection of potential business partners who produce quality products and services, meeting appropriate standards for the mission at hand. The Company treats these business partners equitably and fairly. The Company strictly adheres to business conditions, operates transparently and ethically, and ensures that all practices can be verified. If complying with conditions is not feasible, the Company will promptly notify its business partners in advance to ensure they are aware of the issue and will collaborate with them in identifying suitable solutions to address the issue.

The Company maintains a policy to encourage free and fair trade competition, competing within the legal and regulatory framework without attempting to tarnish the reputations of its competitors through false, unsubstantiated, and unfair accusations.

In 2023, the Company had no legal disputes with business partners or competitors.

Code of ethics on treatment of creditors

The Company adopts policies and guidelines to treat creditors with honesty, integrity, responsibility, transparency, and equality, strictly adhering to all contractual conditions and requirements. It will not conceal information or facts that could harm creditors.

If the Company cannot comply with any conditions, requirements, contracts, or obligations, its approach is to immediately inform creditors in order to identify solutions in conjunction with them.

Code of ethics on responsibility to employees

The Company places a high value on human resources by promoting and supporting employees, as well as by offering opportunities to all employees consistently and extensively. This includes developing their potential, enhancing their knowledge and skills, and providing fair compensation. The Company evaluates performance, considers promotions, and administers rewards and disciplinary actions without discrimination, ensuring fairness and appropriateness. It also listens to feedback and suggestions from all employees equally and equitably, while strictly adhering to relevant laws and regulations concerning employee matters.

Code of ethics on social and environmental responsibility

The Company has policies and guidelines for conducting its business with a sense of responsibility towards society and the environment, ensuring strict adherence to legal requirements and cooperating to maintain compliance with various standards. The Company uses its resources for maximal benefit while ensuring minimal impact on or damage to society and the environment. The Company also continuously fosters a culture of responsibility towards society and the environment within the organization and supports activities and projects that benefit both society and the environment.



Furthermore, the Company promotes, supports, and places importance on engaging business partners in social and environmental responsibility. This includes prioritizing policies and practices related to energy conservation, the use of alternative energy, efficient and cost-effective energy usage, waste management, reducing greenhouse gas emissions, and valuing participation in community and social activities to foster development within the community, society, and environment.

Code of ethics on respect for human rights

The Company treats employees with equality and equity, respecting their human dignity, and individual rights and freedoms. It also advocates for adherence to international human rights principles and strictly prohibits any violation of human rights.

Code of ethics on political neutrality

The Company maintains a policy of political neutrality, refraining from supporting or engaging in activities that favour any political party, either directly or indirectly. However, it respects the rights and freedoms of individuals to exercise their political rights within the framework of the law, as responsible citizens under a democratic system.

Code of ethics on charitable donations and supporting funds

The Company has a clear policy on charitable donations and financial support. The policy stipulates that the contributions must go to foundations, public health organizations, temples, hospitals, nursing homes, or other trustworthy entities. All donations must be made in the Company's name, conducted transparently and in accordance with the Company's guidelines, to ensure the funds are used for the public good or align with the donation's intended purpose, and are not used for any dishonest activities.

Ethics regarding giving or receiving a gift or property or any other benefits

The Company has set guidelines regarding the giving or receiving of gifts, property, or any other benefits in its operations. This guideline aligns with its anti-corruption policy to ensure activities are conducted orderly and transparently, adhering to the intended objectives.

Code of ethics on conflicts of interest

The Company prioritizes transparency in considering transactions and the Company's interests. Therefore, the Company prohibits transactions that may potentially give rise to conflicts of interest and connected transactions. Transactions involving the Company must be carried out for the best interest of the Company and its shareholders, and any actions that may lead to conflicts of interest are avoided.



Code of ethics on non-infringement of intellectual property

The Company prioritizes intellectual property protection and prohibits any actions that would infringe upon others' intellectual property rights. The Company requires strict adherence to all laws, regulations, and contractual obligations concerning intellectual property rights, including patents, copyrights, trade secrets, and other proprietary information.

In addition to the code of ethics, the Company has developed various policies to align with business ethics and to be used as practices within the organization.

6.3. Significant changes and developments in policies, practices, and corporate governance systems over the past year.

6.3.1. Important changes and developments in the review of policies, practices, and corporate governance systems, or the sub-committee charters, over the past year.

In 2023, the Board of Directors reviewed and improved the Company's policies related to good corporate governance, including the Corporate Governance Code, the Related Party Transactions Policy, the Conflict of Interest Prevention Policy, and the Sustainable Development Policy. These efforts aimed to enhance the effectiveness of oversight and elevate the Company's corporate governance standards. The Board of Directors also announced these policies to all stakeholders, requiring adherence and compliance. Furthermore, the Board of Directors monitored compliance, reported outcomes, and evaluated adherence to these policies, aiming to create sustainable value for the Company.

Additionally, the Company reviewed the Board of Directors' charter and the charters of its sub-committees, including (1) the Audit Committee, (2) Nomination and Sustainability Committee, (3) Risk Management Committee, and (4) Executive Committee, to align them with the principles of good corporate governance for listed companies in 2017 (CG Code) and to elevate the Company's sustainable development operations across all dimensions to international standards. This demonstrates the Company's commitment to developing sustainability for stakeholders, particularly in overseeing community, social, and environmental operations.



6.3.2. Practices in other areas in accordance with the principles of good corporate governance

Compliance monitoring

The Company has developed good corporate governance guidelines to serve as a framework for the Board of Directors, executives, and employees to comply with relevant laws, regulations, and rules. All levels of executives within the organization must oversee and ensure that employees under their authority are aware of and adhere strictly to the Good Corporate Governance Code and the Company's Business Ethics Manual. Details of these guidelines can be found on the Company's website: www.nerubber.com. A member of the Board of Directors, executive, or employee who violates the principles of good corporate governance and business ethics will be subject to disciplinary action. The Company will refer any action believed to violate laws, regulations, and government rules to the relevant government authorities for further action.

If an employee observes actions that violate laws, good corporate governance principles, and/or business ethics, they must report a complaint or allegation to the Chairperson of the Audit Committee. The Company will investigate the complaints without disclosing the identity of the whistleblower to protect them from potential impact.

Non-compliance

The Office of the Securities and Exchange Commission has issued the Corporate Governance Code for listed companies in 2017 with the objective of enhancing good corporate governance. The focus is on applying principles to ensure that practices are appropriate and beneficial for creating sustainable value for the Company.

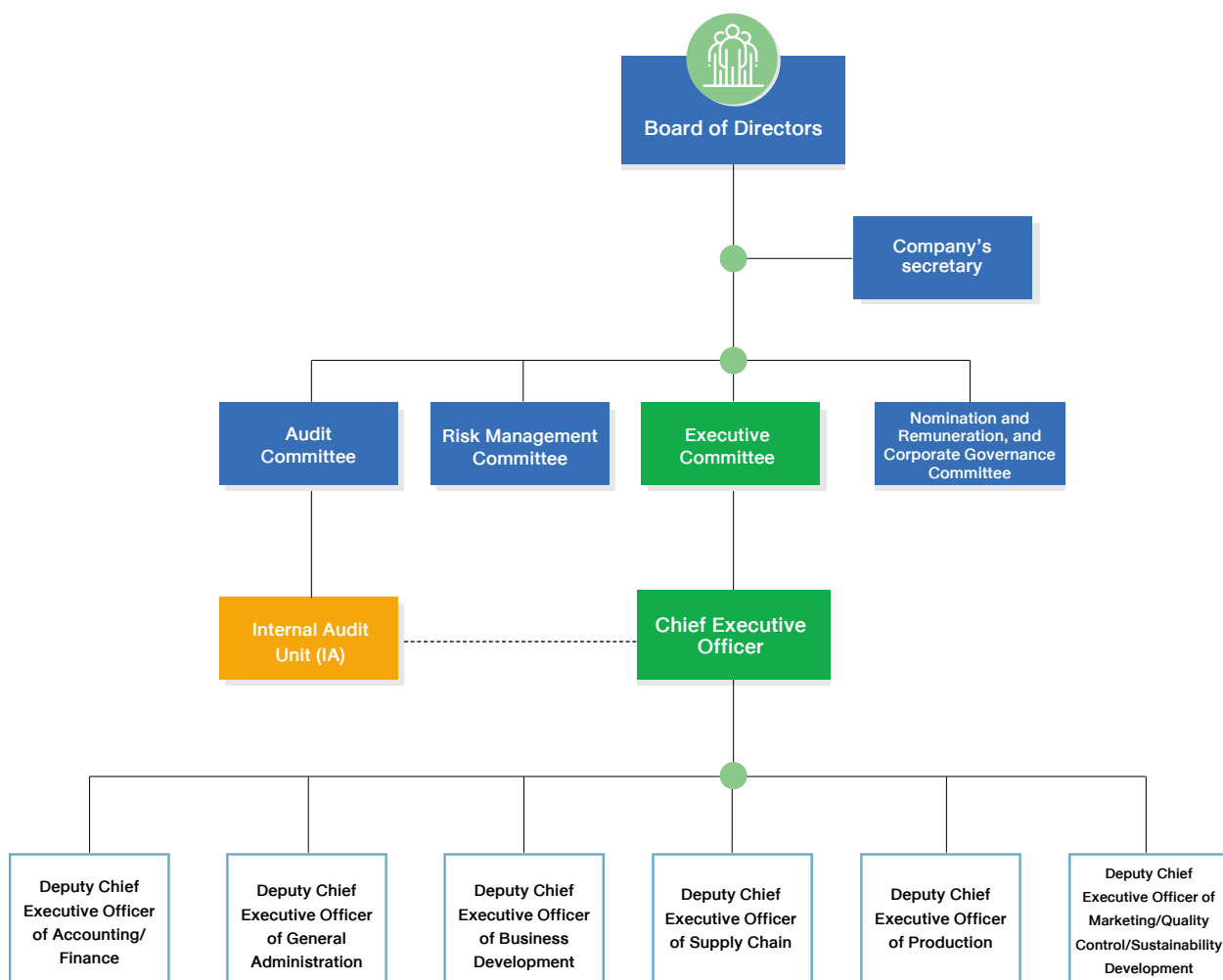
In 2023, the Board of Directors reviewed the Company's compliance with the principles of good corporate governance. The Company adopted alternative measures or approaches considering its specific circumstances. Consequently, the Company did not comply with the principles of good corporate governance in the following areas and for the given reasons.

1. Disclosure of the details of remuneration for the Chief Executive Officer (CEO).

Reason for non-compliance: The Board of Directors believes that disclosing information on remuneration needs to be in monetary terms. However, this is a practical issue that impacts the labour market. The Company has already disclosed the collective remuneration of its group of senior executives. The Company will consider the appropriateness of disclosing individual remuneration for its CEO.



7.1. Corporate governance structure



BOARD OF DIRECTORS



MR. CHANITR CHARNCHAINARONG

Chairperson of the Board of
Directors / Audit Committee /
Independent Director



MR. RONACHIT JINADIT

Chairperson of the Audit
Committee / Nomination and
Sustainability Committee
Independent Director



MR. TEPAKUL POONLARP

Chairperson of
the Risk Management
Committee /
Independent Director



MRS. CHANATIP WEERASUBPONG

Chairperson of
the Nomination and
Sustainability Committee /
Audit Committee /
Independent Director



MR. CHUWIT JUNGTANASOMBOON

Company Director /
Chief Executive Officer /
Risk Management Committee



MR. SAKCHAI JONGSATHAPHONGPHAN

Company Director /
Risk Management Committee



MISS PY ATTPISARN

Company Director



7.2. Information about the Board of Directors

7.2.1. Composition

The Board of Directors comprises individuals with knowledge, expertise, capabilities, skills, and experience in diverse fields, which they can use to continuously benefit and develop the Company. The members of the Board of Directors must be honest, ethical, and uphold morals in business conduct. They must dedicate time to their duties within the Company, possess all necessary and suitable qualifications, and must not exhibit any characteristics prohibited by law. As of 31 December 2023, the Company's Board of Directors comprises seven directors as follows:

| Board of Directors | | |
|--------------------|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Number | Names | Positions |
| 1. | Mr. Chanitr Chamchainarong | Director/ Chairperson of the Board of Directors/ Audit Committee Member/ Independent Director |
| 2. | Mr. Ronachit Jinadit | Director/ Chairperson of the Audit Committee/Member of the Nomination and Sustainability Committee /Independent Director |
| 3. | Mr. Tepakul Poonlarp | Director/ Chairperson of the Risk Management Committee/ Independent Director |
| 4. | Mrs. Chanatip Weerasubpong | Director/ Chairperson of the Nomination and Sustainability Committee/ Audit Committee/ Risk Management Committee/ Independent Director |
| 5. | Mr. Chuwit Jungtanasomboon | Director/ Risk Management Committee/ Nomination and Sustainability Committee/ Chairperson of the Executive Committee/ Chief Executive Officer |
| 6. | Mr. Sakchai Jongstapongpun | Director/ Risk Management Committee / Executive Committee |
| 7. | Miss Py Attpisarn | Director/ Executive Committee |

- The Board of Directors has set the number of directors to align with the business's size, currently consisting of seven directors, including two women and three executive directors. There is no gender discrimination or any other forms of bias.
- The Board of Directors includes at least one-third independent directors, with a minimum of three individuals. Currently, there are four independent directors, exceeding half of the total number of directors, in accordance with the principles of good corporate governance.
- The Chairperson of the Board of Directors is an independent director, distinct from the Chief Executive Officer, and holds no positions within any sub-committees. This ensures clear segregation of duties and responsibilities.



- All new directors must undergo orientation to understand the Company's objectives, core goals, vision, mission, culture, business conduct, related regulations, good corporate governance policies, and other essential information, in order to facilitate effective performance of their duties.
- Directors must understand their roles and duties and complete at least one course offered by the Thai Institute of Directors (IOD) on directorship, such as the Director Accreditation Programme (DAP) or the Director Certification Programme (DCP), or an equivalent course, to enhance their skills and consistently fulfil their responsibilities.

7.2.2 Authorized directors

The directors authorized to sign on behalf of or bind the Company are Mr. Chuwit Jungtanasomboon, Mr. Sakchai Jongstapongpun, or Miss Py Attpisarn. Any two of these three directors must sign together and affix the Company's seal, except for financial transactions with financial institutions, for which Mr. Chuwit Jungtanasomboon must sign with either Mr. Sakchai Jongstapongpun or Miss Py Attpisarn, making a total of two signatories and then affix the Company's seal.

7.2.3. Roles and duties of the Board of Directors

The scope, powers, duties, and responsibilities of the Board of Directors

In the Board of Directors' meeting No.8/2023 on 8 December 2023, the Board of Directors reviewed the Company's good corporate governance policy, including the scope, authority, duties, and responsibilities of the Board of Directors, which are outlined below.

Roles and responsibilities of the Board of Directors as an organizational leader that creates sustainable value for the business

1. To act with responsibility, caution, diligence, honesty and integrity, safeguarding the Company's interests in compliance with the law, the Company's objectives and Articles of Association, as well as the Board of Directors' and the general meeting of shareholders' resolutions;
2. To set the Company's vision, policies, and operational direction; to oversee and ensure that management executes these policies efficiently and effectively; and to enhance economic value for shareholders and stakeholders;
3. To consistently uphold the Company's responsibility towards shareholders, operating with the shareholders' interests in mind; and to disclose essential information to investors accurately, comprehensively, transparently, and promptly;



4. To prepare a charter for the Board of Directors and sub-committees; to regularly review and amend the Board's charter; to approve and update the sub-committees' charters as necessary, ensuring relevance to current regulations, rules, and circumstances; to oversee the sub-committees' operations according to their charters; and to review the Board of Directors' charter at least once a year;
5. To define authority and approval levels for transactions and related operations appropriately, ensuring compliance with relevant laws by creating an operating authority manual; and to review the operating authority manual at least once a year.

Objectives and main goals for sustainability

1. To review budgets, goals, business plans, and policies and enhance the Company's competitive capabilities internationally; to oversee and ensure that management and operations are in line with budgets, goals, plans, and business policies; and to implement business strategies aimed at achieving sustainability for the best interest of the Company and shareholders.

Effective Board of Directors

1. To determine and annually review the Board of Directors' composition regarding the number of directors, the proportion of independent directors, and the diversity of their qualifications to ensure their appropriateness for the necessity of guiding the organization towards its set objectives and goals;
2. To oversee a transparent director selection and election process by developing a Board Skills Matrix that identifies needed director qualifications based on the Company's business strategy; and to set suitable remuneration for the Company's directors and sub-committees for shareholder meeting approval, considering factors including alignment with short and long-term goals, experience, duties, scope, roles, responsibilities, industry remuneration standards, and the expected benefits from each director;
3. To devote sufficient time to fulfilling duties; to attend the Board of Directors' and shareholders' meetings; and to inform the Chairperson or Company Secretary in advance if the director is unable to attend due to an event beyond control;
4. To annually assess the performance of the Board of Directors, sub-committees, and individual directors and to monitor and discuss the assessment results of the Board of Directors and sub-committees collectively; to use the assessment results for the continuous improvement of performance and fulfillment of duties;
5. To ensure that the Board of Directors and each director understand their roles, responsibilities, business operations, and relevant laws; to support all directors in continuously enhancing their



knowledge and capabilities; and to encourage attendance at training sessions or participation in courses and seminars related to their duties, aiming for ongoing improvement in work performance;

6. To appoint the company secretary and define their authority and duties as mandated by the Securities and Exchange Act to assign responsibility for overseeing operations and assisting the Board of Directors in various tasks; and to ensure the Company's business activities adhere to applicable laws, notifications, and regulations.

Recruitment of senior executives and human resources management

1. To review the management structure, key senior executive development plans, and executive succession plans; to effectively assess performance of senior executives each year; to consider an appropriate remuneration structure for senior executives, commensurate with their responsibilities and performance outcomes, in order to motivate them in both the short and long term; and to ensure that the remuneration structure is comparable to industry standards;
2. To oversee the creation of a suitable remuneration structure and performance evaluation process; and to monitor the management and development of personnel, ensuring they possess necessary knowledge, skills, experience, and motivation;
3. To ensure that internal family business agreements, shareholder agreements, or other related agreements do not hinder duty performance; and to disclose information on various agreements that could impact the business, if applicable.

Promoting innovation and responsible business operations

1. To monitor the implementation of strategies and business plans; to oversee the performance measurement of the management team; to require regular reporting of the Company's operational results; and to provide policies aimed at developing and enhancing business operations;
2. To ensure that management conducts business with social and environmental responsibility, as outlined in the Operational Plan, ensuring that all organizational departments align with the Company's objectives, core goals, and strategic plans and human resources development;
3. To prioritize and support the development of innovations that enhance business value while benefiting all stakeholders;
4. To see that business operations and activities are conducted ethically, in line with corporate governance principles; to put in place a written code of ethics manual as a performance standard for directors, executives, and company employees; and to monitor adherence to the code of ethics manual;
5. To oversee the management of information technology and implement measures to ensure the security of information technology systems.



Putting in place an appropriate risk management and internal control system.

1. To establish a comprehensive organizational risk management policy ensuring effective risk management across the entire organization; and to regularly review and evaluate the risk management system;
2. To establish an Audit Committee and a Risk Management Committee capable of performing their duties efficiently and independently;
3. To implement a process for regularly assessing the adequacy of the internal control system within the Company and its subsidiaries in order to reduce risks related to corruption and abuse of authority and to prevent unlawful activities;
4. To oversee, regulate, prevent, monitor, and manage potential conflicts of interest among the Company's stakeholders, management, Board of Directors, or shareholders, putting into place measures to prevent the misuse of Company assets; and to avoid transactions with individuals or entities closely associated with the Company that could lead to conflicts of interest;
5. To establish and adhere to the Company's corporate governance policies; to promote communication of these policies to all levels within the Company to foster awareness and compliance; to oversee and enhance the Company's corporate governance to meet international standards, serving as a guideline for business operations; and to ensure adherence to corporate governance principles and business ethics;
6. To consider, approve, and/or opine on material transactions, including acquisitions and disposals of the Company's assets, connected transactions between the Company, its subsidiaries, and related persons as defined by the Office of the Securities and Exchange Act, along with regulations of the Stock Exchange of Thailand and the Capital Market Supervisory Board; and to review and comment on various Company transactions, ensuring that they comply with laws, notifications, standards, and relevant regulations, especially when the transaction's value does not necessitate shareholders' meeting approval;
7. To establish effective processes and channels for receiving and addressing complaints from whistleblowers or all stakeholders; to implement mechanisms for complaint receipt and action in cases of whistleblowing; and to maintain financial credibility and ensure transparency in information disclosure;
8. To approve the proposal for the appointment of an auditor; and to review the annual audit fee for presentation to shareholders for their approval of the auditor appointment;
9. To supervise the maintenance of an accounting system; to prepare financial reports and audit or review financial statements to ensure compliance with applicable rules, standards, and practices;



10. To monitor and ensure the adequacy of financial liquidity and debt repayment capability, including plans or mechanisms for addressing issues, while prioritizing stakeholders' rights;
11. To prepare sustainability reports to be incorporated into the Annual information form/annual report as a unified source according to the One Report principle, in accordance with the disclosure guidelines set by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand or in compliance with the regulation on SD Report preparation;
12. To disclose relevant information to shareholders and stakeholders, ensuring the accurate, sufficient, complete, appropriate, and timely disclosure of important information; and to promote the use of information technology for information dissemination;
13. To report on its responsibilities in preparing financial reports alongside the auditor's report in the annual report, encompassing key matters in line with the good corporate governance policy for directors of listed companies of the Stock Exchange of Thailand.

Promoting participation of and communication with shareholders

1. To ensure that shareholders participate in deciding on critical corporate matters;
2. To ensure that shareholders' meeting proceedings are conducted smoothly, transparently, and efficiently, enabling shareholders to exercise their rights;
3. To ensure the accurate and complete disclosure of shareholder meeting resolutions and the preparation of meeting minutes, respecting the rights of all shareholders, both major and minor, and treating all stakeholders fairly and transparently.

The Board of Directors has the authority to approve various matters, including:

1. vision, mission, main goals of the business, and short-term, medium-term, and long-term organizational strategic plans;
2. budget plan and annual operating plan;
3. investments, project investments, the Company's material contracts;
4. appointments of committee members to replace those resigning during the year and appointments of sub-committee members;
5. determination of the names of directors authorized to sign binding agreements for the company;
6. material related party transactions;
7. monitoring and evaluating operations to ensure they align with the established plan;
8. performance assessment of the Board of Directors and sub-committees.



The Board of Directors collaborates with the management in the following matters:

1. aligning key directions, strategies, policies, and plans for the year with the vision, mission, and main goals of the business;
2. ensuring the sufficiency and appropriateness of the risk management and internal control system;
3. determining authority to take actions commensurate with the management's responsibilities;
4. monitoring and evaluating operations to ensure they align with the strategies, plans, and budgets approved by the Board of Directors;
5. ensuring the disclosure of financial and non-financial information, such as financial statements and various information disclosures, according to the criteria set by the regulatory agency using various channels.

The Board of Directors should refrain from taking action in the following matters:

1. Implementing strategies, policies, and work plans approved by the Board of Directors is the management's duty. The Board of Directors should allow the management to be in charge of operations, procurements, recruitment of employees that are consistent with the defined policy. The Board of Directors should monitor the implementation without intervening in the decision-making unless in case it is necessary.
2. The Board of Directors should refrain from taking actions in matters prohibited by regulations, such as approving transactions in which the directors have an interest or making connected transactions that may cause conflicts of interest with the Company;

Scope, powers, duties and responsibilities of the Chairperson of the Board of Directors

The Board of Directors' meeting No.8/2023 on 8 December 2023 approved the following scope of powers and duties for the Chairperson of the Board of Directors.

1. To approve the meeting agenda items for the Board of Directors, in consultation with the Chief Executive Officer, Company Secretary, and members of the Audit Committee in order to ensure that important matters are appropriately included;
2. To lead the Board of Directors and to chair meetings of the Board of Directors;
3. To chair general meetings of shareholders in accordance with the set agenda items, the Company's Articles of Association, and the law, allocating appropriate time and providing equal opportunities for shareholders to express their opinions; and to ensure that shareholder inquiries are answered appropriately and transparently;
4. To ensure the Board of Directors performs its duties efficiently; to support, advise, and assist management operations within the framework of authority granted by the Board of Directors;



5. To allocate sufficient time in the Board of Directors' meetings for management to present matters and directors to discuss important issues carefully; to support, advise, and assist management operations within the authority granted by the Board of Directors;
6. To strengthen good relations between the Board of Directors and management; to support the Chief Executive Officer and management in performing their duties according to the Company's policy;
7. To supervise directors and encourage them to adhere to their authorities and duties, and to fulfill their responsibilities towards shareholders and stakeholders in accordance with principles of good corporate governance, ethical standards, and business ethics;
8. To supervise the disclosure of information and ensure transparent management in cases of conflicts of interest.

The Chairperson of the Board of Directors must not be the same individual as the Chief Executive Officer.

7.3. Information about sub-committees

The Board of Directors has appointed four sub-committees: (1) Audit Committee, (2) Executive Committee, (3) Risk Management Committee, and (4) Nomination and Sustainability Committee. The Board of Directors' Meeting No. 8/2023 on 8 December 2023 reviewed and refined the scope, authority, duties, and responsibilities of all four sub-committees to ensure compliance with the principles of good corporate governance.

(1) Audit Committee

The Board of Directors has appointed an Audit Committee to oversee the operations and management of the Company, providing accurate, transparent, and standardized guidelines for the best interest of all stakeholders. As of 31 December 2023, the Audit Committee comprises the following three committee members.

| Audit Committee | | |
|--------------------------------|---------------------------------|------------------------------------------------------------|
| Name - Surname | Position on the Audit Committee | Positions on the Company's Board of Directors |
| 1. Mr. Ronachit Jinadit | Chairperson | Independent Director |
| 2. Mr. Chanitr Charnchainarong | Director | Chairperson of the Board of Directors/Independent Director |
| 3. Mrs. Chanatip Weerasubpong | Director | Independent Director |



The Company's Audit Committee comprises three independent directors, all of whom have knowledge, understanding, and experience in accounting. The Audit Committee member with expertise in reviewing the reliability of financial statements is Mrs. Chanatip Weerasubpong, who holds a master's degree in accounting, a master's degree in political science from Thammasat University, and a bachelor's degree in accounting from Thammasat University, as well as a degree in law from Ramkhamhaeng University.

Mrs. Pirada Tonahongsa serves as the secretary of the Audit Committee.

Scope, powers, duties and responsibilities of the Audit Committee

1. To review financial reports in order to ensure accuracy and reliability, as well as the adequate disclosure of information; to coordinate with external auditors and executives responsible for preparing both quarterly and annual financial reports. The Audit Committee may recommend that the auditor review or examine any items considered important and necessary during the audit of the Company's accounts;
2. To review the internal control and internal audit systems to ensure they are appropriate and effective according to generally accepted methods and international standards; to suggest a review or inspection of any items considered necessary and important; to suggest important and necessary improvements to the internal control system to the Board of Directors, by reviewing same together with external auditors and internal auditors;
3. To review compliance with the Securities and Exchange Act, as well as regulations of the Stock Exchange of Thailand, policies, rules, regulations, and other laws related to the Company;
4. To consider disclosing the Company's information on connected transactions, acquisition, or disposal of assets, or transactions that may have conflicts of interest with the Company in accordance with the laws and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand in order to ensure that the transactions are reasonable and are in the best interest of the Company;
5. To review and ensure that the Company has a risk management system, work processes, controls, and supervision of operations and information technology that are appropriate and effective, conforming to international standards;
6. To supervise the establishment of a policy for receiving complaints regarding corruption and misconduct that is appropriate and adequate for the Company's business operations; to review and summarise the results of corruption investigations and penalties; to establish internal preventive measures and to review the Company's internal processes regarding whistleblowing and complaint reception;



7. To consider selecting, proposing, appointing, and terminating independent individuals who are approved auditors by the Office of the Securities and Exchange Commission to audit the Company's accounts; and to consider the remuneration of the Company's auditors and evaluating their performance before presenting to the Board of Directors;
8. To review the Company's internal audit plan according to generally accepted methods and standards; to approve the appointment, transfer, and termination of the head of internal audit; and to evaluate the performance of the internal audit department;
9. To consider the independence of the internal audit department by evaluating its performance of duties and various reports, including the chain of command; and to review the evaluation of the internal audit performance according to international standards;
10. To review and provide feedback on the internal audit department's work and to coordinate with the auditor; to hold joint meetings with the auditor at least once a year without management present in order to receive the results of the quarterly financial statement review, annual financial statement audit results, and internal audit results, and to discuss issues and obstacles that may arise in the auditor's or internal auditor's performance;
11. To report regularly to the Board of Directors to inform them of the Audit Committee's activities and prepare a performance report to present to the Board of Directors at least once a year;
12. To prepare the Audit Committee's report to be disclosed in the Company's annual report. This report must be signed by the Chairperson of the Audit Committee and include opinions on various matters as required by the regulations of the Stock Exchange of Thailand;
13. To evaluate overall performance of the Audit Committee and evaluate its own performance every year; and to review the Audit Committee Charter at least once a year in order to present it to the Board of Directors for approval;
14. To perform any other duties as required by law or as assigned by the Board of Directors within the scope of the duties and responsibilities of the Audit Committee;
15. To perform other tasks as assigned by the Board of Directors within the scope of the duties and responsibilities of the Audit Committee.

In carrying out duties within its scope, the Audit Committee may summon the management, executives, or employees of the Company to provide opinions, attend meetings, or submit relevant or necessary documents. Additionally, the Audit Committee may engage professional advisers to provide independent opinions or advice when it is necessary. The hiring process must comply with the Company's regulations.



(2) Executive Committee

The Board of Directors has appointed an Executive Committee to support the operations of the Board of Directors in order to comply with the Company's policies, goals, and business strategies, as well as the Company's operational plan, so as to achieve maximum efficiency and benefit in every aspect of the Company's operations. As of 31 December 2023, the Executive Committee comprises the following seven committee members.

| Executive Committee | |
|----------------------------------|--------------------------------------|
| Name - Surname | Positions on the Executive Committee |
| 1. Mr. Chuwit Jungtanasonboon | Chairperson |
| 2. Mrs. Phanida Jungtanasonboon | Executive Committee |
| 3. Mr. Sakchai Jongstapongpun | Executive Committee |
| 4. Miss Kesnaree Jongchotsirikul | Executive Committee |
| 5. Miss Py Attpisarn | Executive Committee |
| 6. Miss Suhailee Yitaso | Executive Committee |
| 7. Mr. Parinya Leenatham | Executive Committee |

Scope, powers, duties and responsibilities of the Executive Committee

1. To manage the Company's business operations in accordance with the policies set by the Board of Directors, and to consider improvements to the Company's business plan to ensure it is appropriate and aligned with the Company's vision, mission, goals, and objectives;
2. To set the vision, mission, goals, and objectives for the Company's business operations, as well as the business strategy and business plan proposed by the Chief Executive Officer, and to consider appropriate business factors before presenting these to the Board of Directors for approval;
3. To consider the establishment of appropriate levels of authority and approval for each individual, ensuring a clear segregation of duties to prevent corruption; to define suitable procedures and methods for conducting transactions with major shareholders, directors, executives, or individuals related to them in order to prevent the transfer of benefits; to present such matters to the Board of Directors for approval; and to implement controls in order to ensure compliance with the approved principles;
4. To consider the Company's annual budget, investment projects, and investment budget in accordance with the authority outlined in the operating authority manual and present their recommendations to the Board of Directors; to monitor expenditures according to the approved budget; and to report operating results to the Board of Directors;



5. To consider and approve operations that are part of normal business transactions, in accordance with the investment budget or budget approved by the Board of Directors, ensuring that the limits for each item adhere to those specified in the operating authority manual;
6. To consider and approve rules, regulations, management policies, and business operations of the Company, or any action that is binding on the Company;
7. To consider entering into various contracts that bind the Company in accordance with the authority outlined in the operating authority manual;
8. To ensure that important Company information is adequately available for the Board of Directors and shareholders' consideration, and to prepare reliable and transparent financial reports in accordance with good accounting standards;
9. To consider the Company's profits and losses, and to propose annual dividends or interim dividends to the Board of Directors;
10. To consider new business operations, liquidation of business, establishment of subsidiaries and associate companies, joint ventures, joint venture divestment, mergers and acquisitions (M&A), and present these to the Board of Directors;
11. To consider and approve the operational manual to ensure that operations are carried out systematically;
12. To procure advisers or individuals with specialized expertise or individuals providing independent opinions to offer necessary opinions or advice, as appropriate;
13. To put in place a procedure for employees to report abnormal or unlawful events or actions to the Executive Committee promptly, or to the Audit Committee and the Board of Directors for consideration and appropriate action within a reasonable timeframe if the the event has a significant impact;
14. To report to the Board of Directors on the Executive Committee's performance, as well as any other relevant and necessary matters that should be brought to the Board of Directors' attention for acknowledgment;
15. To do anything necessary to support the above operations or to comply with the Board of Directors' opinion, or as authorized by the Board of Directors.
16. These powers, duties, and responsibilities of the Executive Committee do not include the authority and/or delegation of authority to approve any transactions in which they or their representatives, or individuals who may have conflicts of interest (as defined in the notifications of the Capital Market Supervisory Board), have a conflicting interest or benefit in such a manner that conflicts with the Company's interests. Approval of these transactions must be presented at a meeting of the Board of Directors and/or general meetings of shareholders (as applicable) for consideration and approval as required by the Company's Articles of Association or relevant laws.

(3) Risk Management Committee

The Board of Directors has appointed a Risk Management Committee to oversee the formulation of risk management for use as a guideline by the Company. The Risk Management Committee supports the monitoring and assessment of risk in order to instill confidence and credibility with stakeholders. As of 31 December 2023, the Risk Management Committee comprises the following six committee members.

| Risk Management Committee | |
|-------------------------------|-------------------------------------------------------------------|
| Name - Surname | Positions |
| 1. Mr. Tepakul Poonlarp | Chairperson of the Risk Management Committee/Independent Director |
| 2. Mrs. Chantip Weerasubpong | Risk Management Committee Member/Independent Director |
| 3. Mr. Chuwit Jungtanaboon | Risk Management Committee Member |
| 4. Mr. Sakchai Jongstapongpun | Risk Management Committee Member |
| 5. Mr. Ratchakasem Boriboon | Risk Management Committee Member |
| 6. Mr. Natthapon Inprakhon | Risk Management Committee Member |

The Risk Management Committee comprises six committee members, including two independent directors, one Chief Executive Officer, and three executives. The Chairperson of the Risk Management Committee is qualified as an independent director.

Scope, powers, duties and responsibilities of the Risk Management Committee

1. To set policies, strategies, and a risk management framework; to develop protection plans, and establish risk management guidelines or measures; to oversee the Risk Management Working Group's administration of risk management; to review risks and risk management processes across the organization (Enterprise Risk Management Framework); to ensure work processes, controls, operational oversight, information technology, and data security are effective and comply with international standards; and to present risk management policies and frameworks to the Board of Directors for consideration and approval;
2. To monitor risk management outcomes, key risk issues and information, risk trends, and overall risks; to evaluate the efficiency of risk management and the effectiveness of risk management strategies; to ensure risk is managed efficiently and effectively so that it is capable of identifying unforeseen risks or crises and able to mitigate losses, damages, and impacts on both financial terms and the organization's image and reputation promptly and appropriately; to consider the acceptable level of risk (Risk



- Appetite), the feasibility of implementation at a reasonable cost, and alignment with established guidelines and principles of good corporate governance and checks and balances;
3. To oversee the development and continuous adherence to risk management policies and frameworks to ensure the Company maintains an effective risk management system across the organization and continuously complies with it;
 4. To coordinate with the Audit Committee on significant risk issues and engage an internal audit unit to review, ensuring the Company maintains an internal control system suited to risk management; and to appropriately adopt and implement the risk management system across the organization;
 5. To appoint additional or replacement personnel to the Risk Management Working Group and/or other groups related to risk management as appropriate; and to define their roles, duties, and responsibilities to facilitate achieving the objectives;
 6. To provide advice and consultation to the Risk Management Working Group, and/or the Executive Committee, and/or any groups related to risk management; and to evaluate suitable guidelines for developing the risk management system;
 7. To promote and support the communication of the significance of risk management, knowledge transfer, and experience sharing to ensure consistent risk management within the organization; to act as a role model in risk management to foster understanding and cultivate employee awareness of risk ownership; to encourage collective risk management within areas of responsibility, especially in response to significant internal events or changes; and to advocate for the inclusion of risk-related topics on the agenda items of key corporate meetings;
 8. To consider, review, and update the Risk Management Committee Charter at least once a year, and to present it to the Board of Directors for approval;
 9. To review risk management reports and policies at least once a year to ensure that the organization has adequate and appropriate risk management policies and frameworks in line with the Company's overall business conditions;
 10. To report to the Board of Directors and the Audit Committee on the performance of the Risk Management Committee, including any other matters that are necessary and appropriate for presentation to the Board of Directors for acknowledgement;
 11. To perform any other tasks related to risk management as assigned by the Board of Directors.

The executives, and/or the Risk Management Working Group, and/or any relevant agencies, and/or working groups related to risk management must report or present relevant information and documents to the Risk Management Committee to aid them in fulfilling assigned objectives and responsibilities.



(4) Nomination and Sustainability Committee

The Board of Directors has appointed a Nomination and Sustainability Committee to define policies and practices related to sustainable development. This aims to build stakeholder confidence, ensuring the Company's sustainable development and growth. As of 31 December 2023, the Nomination and Sustainability Committee comprises the following three committee members.

| Nomination and Sustainability Committee | |
|-----------------------------------------|-------------------------------------------------------------------------------------------|
| Name - Surname | Positions |
| 1. Mrs. Chanatip Weerasubpong | Chairperson of the Nomination Committee and Sustainability Committee/Independent Director |
| 2. Mr. Ronachit Jinadit | Member of the Nomination and Sustainability Committee/Independent Director |
| 3. Mr. Chuwit Jungtanasomboon | Member of the Nomination and Sustainability Committee/Chief Executive Officer |

The Nomination and Sustainability Committee comprises three members: two independent directors and one Chief Executive Officer, with one independent director serving as the Chairperson of the Nomination and Sustainability Committee.

The Nomination and Sustainability Committee is responsible for establishing recruitment policies, considering remuneration, corporate governance, and the Company's sustainable development. The Board of Directors' meeting No. 7/2022 on 8 December 2022 resolved to rename the Nomination, Compensation, and Corporate Governance Committee to the "Nomination and Sustainability Committee" and approved its charter, outlining its scope of authority, duties, and responsibilities as follows.

Scope, powers, duties, and responsibilities of the Nomination and Sustainability Committee

Recruitment

1. To consider the structure, size, and composition of the Board of Directors, as well as the qualifications of individuals to hold director positions, ensuring they are suitable for the organization's size, type, nature of business operations, and business complexity;
2. To consider establishing criteria and processes for recruiting, selecting, and nominating suitable candidates for positions as Company directors, sub-committee members, Chief Executive Officer, and Deputy Chief Executive Officer when their terms expire or positions become vacant, as well as other executive roles as delegated by the Board of Directors, ensuring that the recruitment, selection, and nomination processes meet the set criteria and are transparent; and to present recommendations at



the Board of Directors' meetings and/or the general meetings of shareholders for consideration and appointment.

3. To consider and appoint individuals with the necessary knowledge, skills, and suitability to serve as the Company Secretary;
4. To establish criteria for evaluating the performance of the Chief Executive Officer and Deputy Chief Executive Officer, and present these criteria to the Board of Directors for consideration;
5. To evaluate the performance of the Chief Executive Officer and Deputy Chief Executive Officers across various departments by reviewing operating results annually or more frequently; to use the evaluation results to inform considerations and enhancements in various operational areas; to promote further training and knowledge in relevant and appropriate fields; and to present these recommendations to the Company's Board of Directors for further consideration;
6. To set criteria for considering remuneration, salary adjustments, and other forms of compensation for directors and sub-committee members to align with the Company's operating results; and to present these criteria at the general meeting of shareholders for approval;
7. To review and amend the Charter of the Nomination and Compensation Committee, and present the revisions to the Board of Directors for consideration;
8. To perform any other such tasks as may be assigned by the Board of Directors.

Sustainability The sustainability duties involve considering all three dimensions of sustainability: the environmental dimension, the social dimension, and governance (Environmental, Social, and Governance: ESG). These duties are:

1. To determine, review, and improve the organization's sustainability development policy, along with various other policies and practices, in order to align with business changes and relevant laws and ensure compliance with international standards;
2. To determine and review the organization's sustainability strategy; and to offer various related suggestions to the Board of Directors;
3. To promote and encourage cooperation in developing the organization's sustainability;
4. To follow up and oversee operations in accordance with the plan and evaluate the performance and progress of the organization's sustainability development efforts;
5. To regularly report on the Company's performance;
6. To review and amend the Charter of the Corporate Sustainability Committee and present it to the Board of Directors for consideration and approval;
7. To perform any other such tasks as may be assigned by the Board of Directors.



EXECUTIVE TEAM



**MR. CHUWIT
JUNGTHANASOMBOON**

Chief Executive Officer



**MR. SAKCHAI
JONGSTAPONGPUN**

Deputy Chief Executive
Officer Accounting - Finance
Division



**MRS. PHANIDA
JUNGTHANASOMBOON**

Deputy Chief Executive
Officer of Supply Chain



**MISS KESNAREE
JONGCHOTSIRIKUL**

Deputy Chief Executive Officer
of Marketing/Quality Control
and Sustainable Development



**MISS PY
ATTPISARN**

Deputy Chief Executive
Officer of Business Development



**MR. PARINYA
LEENATHAM**

Deputy Chief Executive
Officer of General Administration



**MISS SUHAILEE
YITASO**

Deputy Chief Executive
Officer of Production



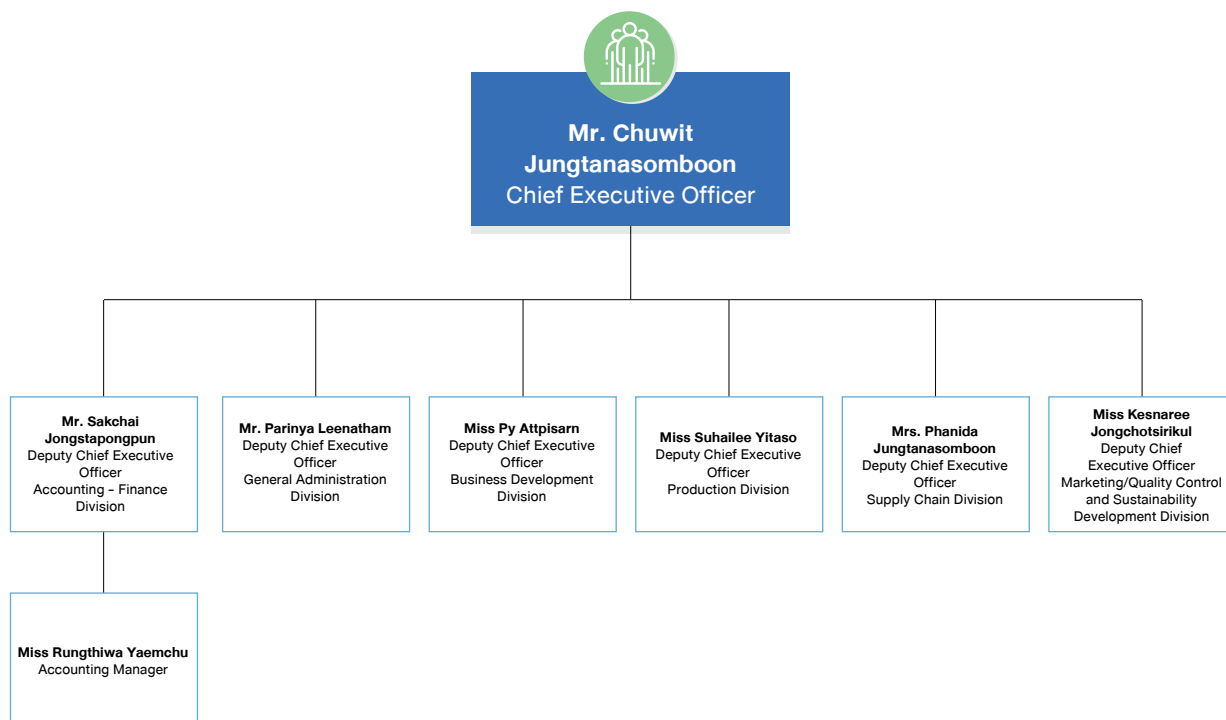
**MISS RUNGTHIWA
YAEMCHU**

Accounting Manager



7.4. Information about executives

7.4.1. Executive team



As of 31 December 2023, the Company's management comprises eight executives as follows:

| Management team | |
|----------------------------------|-----------------------------------------------------------------------------------------|
| Name - Surname | Positions |
| 1. Mr. Chuwit Jungtanasomboon | Chief Executive Officer |
| 2. Mrs. Phanida Jungtanasomboon | Deputy Chief Executive Officer of Supply Chain |
| 3. Mr. Sakchai Jongstapongpun | Deputy Chief Executive Officer of Accounting - Finance Management |
| 4. Miss Kesnaree Jongchotsirikul | Deputy Chief Executive Officer of Marketing/Quality Control and Sustainable Development |
| 5. Miss Py Attpisarn | Deputy Chief Executive Officer of Business Development |
| 6. Miss Suhailee Yitaso | Deputy Chief Executive Officer of Production |
| 7. Mr. Parinya Leenatham | Deputy Chief Executive Officer of General Administration |
| 8. Miss Rungthiwa Yaemchu | Accounting Manager |

Note : Management refers to the positions of Chief Executive Officer, Deputy Chief Executive Officer, and the Accounting Manager. These eight executives do not possess any of the following prohibited qualifications:

1. No history of criminal offences related to property committed in good faith.
2. No history of transactions in the past year that could lead to conflicts of interest with the Company.

Scope of power, duties, and responsibilities of the Chief Executive Officer

1. To manage the Company's business operations in accordance with the policies set by the Board of Directors and improve the Company's business plan in order to ensure it is appropriate and aligned with the Company's vision, mission, goals, and objectives;
2. To set the vision, mission, goals, and objectives for business operations, as well as the business strategy and business plan, considering appropriate business factors before presenting it to the Board of Directors for approval;
3. To establish appropriate levels of authority and approval for each individual, ensuring a clear segregation of duties to prevent corruption; to define suitable procedures and methods for conducting transactions with major shareholders, directors, executives, or individuals related to them to prevent the transfer of benefits; to present any such matter to the Board of Directors for approval; and to implement control to ensure compliance with the approved principles;
4. To consider the Company's annual budget, investment projects, and investment budget in accordance with the authority outlined in the authority manual and present the matter to the Board of Directors; to monitor expenditures according to the approved budget; and to report operating results to the Board of Directors;
5. To consider and approve operations that are part of the normal business transactions, in accordance with the investment budget or budget approved by the Board of Directors, ensuring that the limits for each item adhere to those specified in the operating authority manual;
6. To consider and approve rules, regulations, management policies, and business operations of the Company, or any action that is binding on the Company;
7. To consider entering into various contracts that bind the Company in accordance with the authority outlined in the authority manual;
8. To ensure adequate and important Company information is available for the Board of Directors and shareholders' decision-making, and to prepare reliable financial reports in accordance with good and transparent standards;
9. To consider the Company's profits and losses, and propose annual dividends or interim dividends to the Board of Directors;
10. To consider new business operations, liquidation of business, establishment of subsidiaries and associate companies, joint ventures, joint venture divestment, mergers and acquisitions (M&A), and present it to the Board of Directors;
11. To consider and approve the operational manual to ensure that operations are carried out systematically;



12. To procure advisers or individuals with specialized expertise or individuals providing independent opinions to offer necessary opinions or advice, as appropriate;
13. To put in place a procedure for employees to report abnormal or unlawful events or actions to the Executive Committee promptly, or to the Audit Committee and the Board of Directors for consideration and appropriate action within a reasonable timeframe if the the event has a significant impact;
14. To report to the Board of Directors on the Executive Committee's performance, as well as any other relevant and necessary matters that should be brought to the Board of Directors' attention for acknowledgment;
15. To perform any such tasks as to support the above operations or to comply with the Board of Directors' opinion, or as authorized by the Board of Directors.

These powers, duties, and responsibilities of the Executive Committee do not include the authority and/or delegation of authority to approve any transactions in which they or their representatives, or individuals who may have conflicts of interest (as defined in the notifications of the Capital Market Supervisory Board), have a conflicting interest or benefit in such a manner that conflicts with the Company's interests. Approval of these transactions must be presented at a meeting of the Board of Directors and/or general meetings of shareholders (as applicable) for consideration and approval as required by the Company's Articles of Association or relevant laws.

7.4.2. Policy on compensation for the Chief Executive Officer and executives

The Board of Directors has established a compensation policy for the Chief Executive Officer and executives, ensuring appropriateness based on clear and transparent criteria. The Nomination and Sustainability Committee will review both short-term and long-term compensation to present to the Board of Directors for approval. This process entails setting corporate key performance indicators (KPIs) based on the Balanced Scorecard principles. These KPIs assess performance against the Company's short-term and long-term goals, business strategies, and operational outcomes. The aim is to guide the organization towards sustainability in all dimensions, including economic (e.g., revenue, profit, customer satisfaction, personnel development), social, and environmental aspects (e.g., community engagement, use of alternative energy, reduction of greenhouse gas emissions). This approach also focuses on enhancing competitive ability and sustainable business practices over the long term, ensuring sustainable success within a framework of transparent criteria and responsibilities that reflect associated risks and competitiveness.

Additionally, the Board of Directors, specifically the independent directors, annually prepares an evaluation form for assessing the performance of the Chief Executive Officer and executives. This assessment is based on the corporate KPIs to gather, analyze, and present the evaluation data to the Nomination and Sustainability Committee. This information aids in determining appropriate remuneration adjustments. In 2023, the non-executive members of the committee evaluated the performance of the Chief Executive Officer and executives. The evaluation results indicated that the Chief Executive Officer and the executives met their goals in line with the policies established by the Board of Directors.

The evaluation of the Chief Executive Officer and executives' performance is thorough, clear, and transparent. It assesses appropriateness and alignment with the scope of duties and responsibilities, comparing it with similar businesses or industries. This includes considering the Company's business expansion and profit growth, which should be sufficient to attract and retain directors with the required qualifications. These findings will be presented to the Board of Directors for consideration and approval, then to the general meeting of shareholders for further approval.

Furthermore, the Board of Directors mandates that the Chief Executive Officer assesses the performance of executives by establishing specific criteria and factors for performance evaluation. This includes developing performance evaluation criteria and factors applicable across the entire organization.

7.4.3. Total remuneration

For the fiscal year ending 31 December 2023, the company provided remuneration to the executives as detailed below:

| Total executive remuneration | | | | |
|--------------------------------|--------------------|-------------------|--------------------|----------------------|
| Remuneration | 2022 | | 2023 | |
| | Number (Person) | Amount (Baht) | Number (Person) | Amount (Baht) |
| Salary | 6 | 12,781,426 | 8 | 16,650,076.00 |
| Bonuses and more | 6 | 3,904,815 | 8 | 3,723,443.98 |
| Contribution to provident fund | 6 | 456,215 | 8 | 506,604.00 |
| Social security fund | 6 | 37,800 | 8 | 64,500.00 |
| Total | 6 | 17,180,256 | 8 | 20,944,623.98 |



7.5. Information about employees

As of 31 December 2023, the Company has a total of 1,034 executives and employees.

| Number of employees (Person) | |
|------------------------------------------------------------|--------------|
| Division | 2023 |
| Chief Executive Officer and Deputy Chief Executive Officer | 7 |
| Business Development Division | 52 |
| Accounting-Finance Management Division | 23 |
| Production Division | 685 |
| Supply Chain Division | 94 |
| Marketing, Quality Control and Sustainability | 98 |
| General Administration Division | 75 |
| Total | 1,034 |

Significant changes in the number of employees in the past three years

The Company has adjusted its workforce plan to align with management and sustainable development. In 2023, 2022, and 2021, the Company had 1,034, 1,045, and 1,003 employees, respectively.

Employee compensation

The Company has a policy of providing appropriate compensation to employees, which includes aligning with both short-term performance through bonuses linked to the Company's performance and long-term financial security through a provident fund, which is a primary financial guarantee for employees.

Employees will receive compensation in the form of salary, shift allowance, night shift allowance, overtime pay, working expenses in other provinces, diligence allowance, additional bonuses, and other benefits. Additionally, employees are entitled to apply for membership in the "Company Employees Provident Fund." In 2023, the Company paid employee compensation as follows:

| Employee compensation | | |
|--------------------------------|--------------------|-----------------------|
| Unit : THB | | |
| Remuneration | 2022 | 2023 |
| Salary | 176,145,523 | 191,333,980.38 |
| Overtime pay | 1,484,754 | 2,161,550.00 |
| Bonus | 16,389,338 | 16,915,238.17 |
| Contribution to provident fund | 1,425,740 | 1,845,642.00 |
| Social security fund | 5,080,952 | 7,656,462.00 |
| Total | 200,526,307 | 219,912,872.55 |



7.6. Other important information

7.6.1 List of responsible persons

(1) Company Secretary

To comply with sections 89/15 of the Securities and Exchange Act, the Board of Directors must appoint a Company Secretary to act on behalf of the Company or the Board of Directors. The Board of Directors' meeting No.7/2023 approved to appoint Ms. Nongyao Si- Khieaw as the Company Secretary, effective from 6 November 2023. Details of her background are provided in Attachment 1.

Scope, powers, duties and responsibilities of the Company Secretary

1. To prepare and maintain the following documents:
 - (1) Company director registration
 - (2) Notices of invitation and minutes of the Board of Directors' meetings including the Company's annual report
 - (3) Notices of invitation and minutes of the general meetings of shareholders
2. To ensure that directors and executives prepare reports on their own interests and related parties, as required by law, and retain these reports; and to provide copies to the Chairperson of the Board of Directors and the Chairperson of the Audit Committee;
3. To coordinate and execute various activities to organize Board of Directors meetings and general meetings of shareholders, in accordance with the principles of good corporate governance, the Company's Articles of Association, and other relevant laws; and to ensure compliance with resolutions made at Board of Directors' meetings and the general meetings of shareholders;
4. To ensure that various information is disclosed in accordance with the requirements of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, and other relevant regulatory agencies, as well as principles of good corporate governance;
5. To provide information and ensure that the Board of Directors complies with the law, various regulations regarding good corporate governance, the regulation on status maintenance as a listed company, and various regulations regarding listed companies; to monitor and ensure correct and consistent compliance; and to follow up on new regulations related to the Company;
6. To support the arrangement for directors and/or executives to receive knowledge and attend various training courses related to the performance of duties by the Company's directors and sub-committee members;



7. To arrange for an evaluation of the performance of the Board of Directors and every sub-committee, including self-assessment, and report the results of the assessment to the Board of Directors;
8. To communicate with shareholders and stakeholders to provide them with Company news and inform them of their various rights;
9. To attend ongoing training and development in law, accounting, or company secretary duties;
10. To oversee the activities of the Board of Directors and carry out other matters as required by law, assigned by the Board of Directors, or specified by the Capital Market Supervisory Board.

When the Company Secretary resigns or is unable to perform the duties

The following guidelines are established for the event that the Company Secretary resigns or is unable to perform the duties.

1. The Board of Directors must appoint a new Company Secretary within 90 days from the date the previous Company Secretary leaves office or is unable to perform duties.
2. The Board of Directors may appoint any director to act on behalf of the Company Secretary while the Company Secretary is absent or unable to perform duties.
3. The Chairperson of the Board of Directors must inform the Office of the Securities and Exchange Commission of the Company Secretary's name within 14 days from the date the person responsible for the position is appointed.
4. The Board of Directors must notify the Office of the Securities and Exchange Commission of the location of document storage.

(2) Persons directly responsible for overseeing accounting operations

The Company has designated Ms. Rungthiwa Yamchu, Accounting Manager, as directly responsible for overseeing accounting operations starting from 6 November 2023. Details of her background are in Attachment 1.

(3) The individual serving as the Company's Head of Internal Audit

The Board of Directors' meeting No. 2/2023 on 17 February 2023 approved the appointment of Mr. Paisan Phuratcharoenchai, Managing Director of Success Co., Ltd., as an independent external audit firm. This audit firm is independent and knowledgeable, and has expertise and experience in conducting the company's internal audits in line with principles of good corporate governance, risk assessment, internal control, and reporting. This appointment aims to ensure transparency and build shareholder confidence. Detailed background information of this audit firm is in Attachment 1.



The consideration and approval for appointing, changing, or removing individuals in the position of Head of Internal Audit requires approval from both the Audit Committee and the Board of Directors.

7.6.2 List of investor relations supervisors

The Company has appointed Ms. Asara Numnumsri as Investor Relations Officer. For inquiries or questions from investors and stakeholders, please contact us at telephone number 065-992-2388 or via email at investor@nerubber.com.

Investor Relations is responsible for communicating material information to shareholders, investors, and securities analysts. The Company prioritizes accurate, comprehensive, transparent, and fair disclosure of information. This includes regularly reporting the Company's quarterly operating results through the "Opportunity Day" event organized by the Stock Exchange of Thailand and disseminating information via the Company's website (www.nerubber.com), annual information statements, annual reports, and similar documents.

7.6.3 Audit fees

Audit fees

The Company paid audit fees to the SEC-approved auditor, M. R. & Associates Company Limited for the 2023 fiscal year audit. Neither the auditing firm nor its auditors have any affiliations or conflicts of interest with the Company, its executives, major shareholders, or any related persons.

The audit fee for annual financial statements and the review fee for quarterly financial statements for the Company, including the 2023 financial statements were THB 2,390,000. The table below discusses details of the fee.

| Audit fees | | | Unit :THB |
|----------------------------------------------------------------|------------------|------------------|-----------|
| Fees | 2022 | 2023 | |
| Fee for reviewing the Company's quarterly financial statements | 990,000 | 990,000 | |
| Audit fee for the Company's annual financial statements | 1,400,000 | 1,400,000 | |
| Total | 2,390,000 | 2,390,000 | |

Non-Audit Fee

- -N/A-



8.1. Summary of the Board of Directors' duties performance over the past year

The Board of Directors is committed to promoting the Company as an efficient organization in business operations, striving for excellence both in corporate governance and management. It focuses on generating sustainable benefits for shareholders while considering all stakeholders' interests. The Company upholds ethical business conduct, transparency, and accountability. Therefore, it has established a good corporate governance policy that is consistent with the principles and practices of the Corporate Governance Code (CG Code) issued by the Office of the Securities and Exchange Commission and the rules and regulations of other relevant regulatory authorities.

In 2023, the Board of Directors defined the medium to long-term vision and mission of the Company. The Company has both short- and medium-term plans to expand the phase-3 production capacity of the STR20 plant and to increase its focus on finished rubber products. It aims to develop the business sustainably, benefiting all stakeholders, enhancing competitiveness, and creating long-term value for the Company. It also encourages the implementation of the Company's strategies across all departments and mandates regular reporting to the Board of Directors. The Company also focuses on promoting an ethical corporate culture and conducting business in accordance with the principles of good corporate governance. The Company has defined the composition and responsibilities of the Board of Directors and various sub-committees by revising each committee's charter to be appropriate. This includes expanding the roles and responsibilities related to sustainable development within the Nominating Committee. The company has reviewed and enhanced its good corporate governance policy, including the Good Corporate Governance Code, related party transaction policy, conflicts of interest prevention policy, as well as the sustainable development policy. The Company aims to elevate its operations in sustainable development across all dimensions to meet international standards. This is to demonstrate its commitment to advancing sustainability for all stakeholders and those associated with the organization. Particularly, the Company focuses on overseeing operations in community, social, environmental, and corporate governance (Environmental, Social, and Governance: ESG) areas.

The Company reviews and improves key policies for enhanced efficiency in order to elevate the governance standards. The Company communicates to its directors, executives, and employees to ensure they are aware of and adhere to these practices. This includes monitoring work performance, reporting outcomes, and evaluating adherence to the policy manual. The Company also reviews and approves the authority manual for the Board of Directors and management, ensuring that any delegation of authority to management does not allow them to consider and approve matters where they have personal benefits or potential conflicts of interest.

In addition to disclosing its CG performance results according to the 2017 CG Code for listed companies, the Company has disclosed information on its adherence to good corporate governance principles in various platforms, including the 2023 SET ESG Rating in the agricultural and food industry sector as required by the Stock Exchange of Thailand, the quality assessment of general meetings of shareholders (AGM Checklist) as required by the Thai Investors Association, and information disclosure as part of the initiative to encourage industrial factories to responsibly engage with society and communities sustainably (CSR-DIW to achieve SDGs) for the year 2023, as required by the Department of Industrial Works.

In the 2023 evaluation, the Company has achieved various awards for its transparent operation disclosures, including: 1) achievement of the Corporate Governance Report (CGR) award at the excellent level or 5 stars, for the third consecutive year; 2) achievement of the sustainability assessment criteria and inclusion in the list of sustainable stocks (SET ESG Ratings) for the year 2023 in the agricultural and food industry sector, for companies with a market capitalisation of THB 10,000 to THB 30,000 million, by the Stock Exchange of Thailand; 3) achievement of scoring 97 out of 100 in the quality assessment of general meetings of shareholder (AGM Checklist) conducted by the Thai Investors Association; and 4) achievement of the CSR-DIW Award 2023 in the CSR-DIW Continuous Award category as part of the initiative to promote industrial factories' responsibility towards sustainable social and community development (CSR-DIW to achieve SDGs) for the year 2023.

8.1.1. Recruitment, development, and evaluation of the Board of Directors' performance

(1) Qualifications of independent directors

The Company's definition of independent directors aligns with the principles of good corporate governance and the guidelines of the the Office of the Securities and Exchange Commission. The Company has defined an "independent director" as a Board of Directors member who maintains independence from both the management team and controlling shareholders, and who does not have any business relationships with the Company that could compromise their ability to express independent opinions. An independent director must possess the following qualifications:

1. holding no more than one percent (1%) of the total voting shares of the Company, major shareholders, or individuals having the control over the Company, inclusive of those shares held by persons associated with the independent director;
 2. not having been or served as a director involved in management, an employee, a salaried adviser, or a person with controlling power in the Company, a major shareholder, or the person with control over the Company, unless having ceased to possess the characteristics for at least two years before applying for approval from the Office of the Securities and Exchange Commission.
- This prohibition does not apply to the independent director who was previously a government



official or adviser to a government agency that is a major shareholder or has control over the Company;

3. not being related by blood or legal registration as a parent, spouse, sibling, or child, including the spouse of such a child, to an executive, a major shareholder, a controlling person, or an individual proposed to become an executive or the person having control over the Company;
4. not having or having had a business relationship¹ with the Company, major shareholders, or persons having control over the Company in a manner that could hinder their independent judgment. This includes not being or having been a significant shareholder or controller of entities with business ties to the Company, major shareholders, or its controllers, unless having divested of such relationships for at least two years before applying for approval from the Office of the Securities and Exchange Commission;

¹ Business relationship includes engaging in normal commercial transactions for business purposes, renting or leasing immovable property, transactions related to assets or services, or offering or receiving financial assistance through loans, guarantees, or using assets as security for debts. This also includes similar circumstances that result in the Company or the contracting party having an obligation to the other, amounting to either three percent of the Company's net tangible assets or THB 20 million, whichever is lower. The calculation of this debt obligation follows the methods outlined by the Capital Market Supervisory Board's notification on connected transactions, considering debts incurred within one year before starting a business relationship with the same entity.

5. not being or having been an auditor for the Company, a major shareholder, or a person having control over the Company, and not being a significant shareholder, controlling person, or partner of an auditing firm that employs auditors for the Company, its major shareholders, or its controlling entities, unless they have ceased the roles for at least two years before applying for approval from the Office of the Securities and Exchange Commission;
6. not being or having been a provider of any professional services, including legal or financial advisory services, receiving fees exceeding THB 2 million each year from the Company, major shareholders, or a person having control over the Company, and not being a significant shareholder, controlling authority, or partner of such a professional service provider, unless having ceased the associations for at least two years before applying for approval from the Office of the Securities and Exchange Commission;
7. not being a director appointed to act as a representative of the Company's directors, major shareholders, or shareholders who are related to major shareholders;



8. not operating a business of the same nature and significantly competes with that of the Company, nor being a significant partner in a partnership, a director involved in management, an employee, a salaried adviser, or holding more than one percent of the total voting shares of another company that operates in a competitive and similar field to the Company's business;
9. not possessing any other characteristics that would impede the ability to provide independent opinions on the Company's operations.

The Board of Director may appoint independent directors having these qualifications and not possessing the prohibited characteristics to collectively decide on the Company's, its major shareholders', or its controlling persons' operations.

(2) Recruitment and appointment of directors and senior executives

Individuals appointed as the Company's directors and executives must possess all qualifications under section 68 of the Public Limited Companies Act, B.E. 2535 (1992). The Company prioritizes board diversity, without limitations based on gender, race, or religion. It uses knowledge, skills, and experience, and develops a Board Skills Matrix to define the qualifications of directors to be recruited. The Company will assess the necessary skills that are currently lacking, and specify appropriate qualifications that are suitable and aligned with the composition and structure of the board. The followings discusses composition and selection criteria.

1. The Company has a Board of Directors to conduct its business, comprising at least five (5) directors. At least half of the total number of directors must have a domicile in the Kingdom. The Company's director must possess the qualifications prescribed by law, and may or may not be the Company's shareholder.
2. The general meeting of shareholders appoints the Company's directors according to the following criteria and methods.
 - 2.1 One shareholder has one (1) vote for each share.
 - 2.2 Each shareholder must use all of their votes according to the total number of shares held, as specified in section 2.1, to elect one or more directors. If multiple individuals are selected as directors, the votes cannot be split among them, regardless of the number of votes.
 - 2.3 The candidate receiving the highest number of votes in descending order will be elected as director, up to the number of directors that should be elected at that time. If the candidates elected in descending order have the same number of votes, exceeding the number of directors that should be elected at that time, the chairperson of the meeting will have the deciding vote.



3. At each annual general meeting of shareholders, one-third (1/3) of the directors at the time of the meeting must retire from office. If the number of directors cannot be divided exactly into one-third, the closest number to one-third will retire. A retiring director may be re-elected. Directors who must retire from office in the first and second years after the Company is registered will be selected by drawing lots. For subsequent years, the director who has served the longest must retire from office.
4. Any director wishing to resign from their position must submit a resignation letter to the Company. The resignation will be effective from the date the Company receives the resignation letter.
5. The general meeting of shareholders may vote to remove any director from office before the end of their term with a vote of not less than three-fourths (3/4) of the shareholders in attendance and entitled to vote, and whose shares totaled not less than half of the number of shares held by the attending shareholders who are entitled to vote.
6. If a director's position becomes vacant for reasons other than retirement at the end of their term, the Board of Directors must select individuals who have the qualifications and do not have prohibited characteristics according to the law on public limited companies or the law on securities and exchange to serve as replacement directors at the next Board of Directors' meeting, unless the remaining term of that director is less than two (2) months. The person appointed as a replacement director will hold the position of director only for the remaining term of the director they replace. The Board of Directors' meeting resolution under paragraph one must be supported by votes from not less than three-fourths (3/4) of the remaining directors.

Board Diversity Policy

The Nomination and Sustainability Committee has defined a set of qualifications required of a Board of Directors members. These qualifications include diverse knowledge, abilities, experience, and expertise that align with the Company's business strategy. The person should possess good morals and ethics, demonstrate a positive attitude toward the organization, exhibit leadership qualities, and have a broad vision. They should also be able to devote sufficient time, without restrictions based on gender, race, religion, experience, knowledge, professional skills, or other specialties. The Company has also established the necessary skills and qualifications for selecting directors through the creation of a Board Skills Matrix consisting of nine areas. This matrix requires the Board of Directors to include at least one person with legal knowledge and at least one person with accounting or finance expertise.



In 2023, the Company provided its shareholders with the opportunity to nominate qualified candidates for election as the Company's directors. However, no shareholders proposed candidates for election as the Company's directors. Therefore, the Nomination and Sustainability Committee considered directors whose terms had expired, evaluating their educational background, skills, work experience, and performance in the past year. This assessment also included their determination, dedication, time commitment, and contributions to the Board of Directors, along with various qualifications that align with the Company's business strategy.

Also, if the Company needs to recruit additional new directors, it will consider the necessary qualifications, knowledge, skills, and experience of the directors according to the Board Skills Matrix. This may include using a consulting company (Professional Search Firm) or a director database (Director Pool) for consideration in selecting additional new directors.

Recruitment of Chief Executive Officer

The Nomination and Sustainability Committee is responsible for recruiting the Chief Executive Officer. The recruitment process and criteria are as follows.

1. The Executive Committee nominates the Chief Executive Officer from individuals who are members of the Executive Committee at the time of nomination. The committee then presents the nomination to the Board of Directors for approval of the appointment.
2. The Chief Executive Officer must possess knowledge, abilities, skills, and experience in the Company's management, as well as a background in the Company's core business operations. The candidate must have specific expertise beneficial to the Company's business and consistent with its strategic direction. There will be no discrimination based on gender, age, race, or religion in nominating the Chief Executive Officer.
3. The candidate must also demonstrate leadership qualities, possess a broad vision, exhibit good morals and ethics, and maintain a positive attitude towards the organization. The candidate should be able to devote sufficient time beneficial to the Company's business operations.

Directors' term of office

The Board of Directors is responsible for managing the Company's business operations. Members of the Board of Directors have a term of office as required by the Company's Articles of Association. At each annual general meeting of shareholders, one-third (1/3) of the directors at the time of the meeting must retire from office. If the number of directors cannot be divided exactly into one-third, the closest number to one-third will retire. A retiring director may be re-elected. The Board of Directors has established a policy for



independent directors to serve for no more than three years at a time, and not to exceed nine consecutive years from their initial appointment as an independent director.

In addition to retiring at the end of their term, a director may also resign from their position upon—

- (a) death;
- (b) resignation;
- (c) lack of qualifications or disqualification according to the law on public limited companies and the law on securities and the stock exchange;
- (d) removal by general meeting of shareholders' resolution; or
- (e) removal by a court order.

If a director's position becomes vacant for reasons other than retirement at the end of their term, the Board of Directors must select individuals who have the qualifications and do not have prohibited characteristics according to the law on public limited companies or the law on securities and exchange to serve as replacement directors at the next Board of Directors' meeting, unless the remaining term of that director is less than two (2) months.

The Audit Committee's term of office

Audit Committee members serve a term of three years. For this purpose, a year of service refers to the period between the date of the annual general meeting of shareholders of the year of appointment and the date of the annual general meeting of shareholders of the following year. Members of the Audit Committee who retire from office at the end of their term may be nominated for reappointment. In addition to retiring at the end of their term, a member of the Audit Committee may also resign from their position upon—

- (a) retirement from their position as member of the Board of Directors;
- (b) disqualification as member of the Audit Committee in accordance with the Stock Exchange of Thailand's regulations;
- (c) resignation; or
- (d) death.

A member of the Audit Committee who wishes to resign from their position must submit a resignation letter to the Chairperson of the Board of Directors at least one month in advance. Resignation requires the Board of Directors' approval. The Company must notify the Stock Exchange of Thailand of the resignation, along with a copy of the resignation letter. If all Audit Committee members retire from office, the retiring members must remain in office for as long as to continue operations until a new Audit Committee assumes duties.



If a position in the Audit Committee becomes vacant due to reasons other than retirement at the end of a term, the Board of Directors must within 90 days appoint a qualified person as a member of the Audit Committee. This is to ensure that the number of Audit Committee members is complete as required by the Board of Directors. The person appointed as a replacement member of the Audit Committee may hold office only for the remaining term of the Audit Committee member he or she replaces.

Policy for the Company's directors and Chief Executive Officers to hold a position in other companies

The Board of Directors has established a policy for directors, including the Chief Executive Officer, to hold positions in not exceeding a total of five listed companies. The Company has a policy to allow the Chief Executive Officer to hold other positions in subsidiaries and associated companies, if holding the position does not hinder the performance of duties and does not create conflicts of interest. Proposals regarding positions in other companies must be submitted to the Board of Directors for approval.

Orientation for new directors

The Company has organized an orientation for new directors. This includes lecture sessions and company visits. Lecture topics include the organizational structure and executives, the roles, duties, and responsibilities of directors, the nature of business, regulations, applicable laws, policies on good corporate governance, and relevant regulations from the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand for new directors. These sessions aim to ensure directors understand the Company's operations and their roles, duties, and responsibilities, including those of independent directors, with the Company Secretary acting as coordinator.

Development of directors and executives

The Board of Directors encourages all directors, senior executives, and the Company Secretary to enhance their knowledge by promoting ongoing training in corporate governance. This includes both internal training sessions and those offered by external institutions, such as the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, or the Thai Institute of Directors (IOD).

Four directors participated in the Directors Certification Programme (DCP) and three in the Director Accreditation Programme (DAP), both organized by the Thai Institute of Directors (IOD). In total, all seven directors, representing 100% of the board, have completed these director training programmes. In 2023, the Company's directors also participated in courses to further enhance their operational knowledge. These courses were facilitated by the Thai Institute of Directors and various other institutions. The following table summarizes details of these training courses and each director's participation.



Development of directors and executives

| Names | Positions | Training courses | Organized by |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Mr. Chuwit Jungtanasomboon | Director/ Chief Executive Officer, Risk Management Committee Member/ Nomination and Sustainability Committee Member | National Defence College Course, National Defence Studies Institute (NDSI), Class 65, for the academic year 2022-2023, focusing on economic academics. | National Defence College (National Defence College) |
| Mr. Sakchai Jongsathaphongphan | Director/ Risk Management Committee Member/Deputy Chief Financial Officer | Roles and duties of directors and executives of listed companies | Office of the Securities and Exchange Commission (SEC) |
| | | Interest Rate Dilemma and Business Adaption" course presented | Thailand Development Research Institute (TDRi) |
| | | SET x IAA Course: Company valuation techniques for current business practices (Class 2) | Investment Analysts Association (IAA) |
| | | Company valuation techniques for current business practices | Stock Exchange of Thailand and Investment Analysts Association (IAA) |
| | | TFRS Financial Reporting Standards Course 2023 and Interesting Accounting Issues for Listed Companies | Stock Exchange of Thailand |
| Miss Py Attpisarn | Director/Deputy Chief Executive Officer of Business Development | Digital Jumpstart Course, Class 1 | Digital Economy Promotion Agency |
| Miss Kesnaree Jongchotsirikul | Deputy Chief Executive Officer of Marketing, Quality Control and Sustainable Development | CEO Course: Learning Through Experience (LTE), Class 4 (April 2023). | Digital Economy Promotion Agency, Ministry of Digital Economy and Society in collaboration with No Name IMC Company Limited |



| Development of directors and executives | | | |
|-----------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Names | Positions | Training courses | Organized by |
| | | Digital Economy Promotion Agency's Leadership Course (DCEO), Class 6 (June 2023). | Digital Economy Promotion Agency, Ministry of Digital Economy and Society in collaboration with No Name IMC Company Limited |
| Miss Suhailee Yitaso | Deputy Chief Executive Officer of Production | Risk Management Course | NTP Consultant Group |
| | | Executive Level Occupational Safety Officer Course. | Pinthong Group Management and Consultants Company Limited |
| Mr. Parinya Leenatham | Deputy Chief Executive Officer of General Administration | Thailand HR TECH 2023 | Personnel Management Association of Thailand |
| | | HR Fundamental Skills Class 10 /2023 | Personnel Management Association of Thailand |
| | | Preparing Performance Evaluations | HRD MAX Co., Ltd. |
| | | Thailand HR Day 2023 | Personnel Management Association of Thailand |
| | | Preparation of Training Plans | HRD MAX Co., Ltd. |
| | | Work Safety Officer at Management Level | Pinthong Group Management and Consultants Company Limited |

Assessing the performance of the Board of Directors and sub-committees

- **Board's self-assessment**

The Board of Directors self-assesses its performance at least once a year. This assessment process involves reviewing the Board of Directors' work performance, achievements, and any challenges or obstacles encountered over the past year, to identify ways to enhance and increase the effectiveness of its collaboration. The Company has developed a self-assessment form based on the Office of the Securities and Exchange Commission's template. The assessments covers the Board of Directors' performance, both



collectively and individually. It includes assessment of individual sub-committees, such as the Audit Committee, the Risk Management Committee, the Nomination and Sustainability Committee, as well as regular assessments of the Chief Executive Officer. This approach helps to comprehensively reflect genuine processes and perspectives from the entire board, facilitating a collaborative review to better align and enhance work plans. The performance assessment includes the following details:

1. The performance assessment of the Board of Directors and the sub-committees covers six areas of assessment: (1) composition and qualifications of the Board of Directors, (2) the Board of Directors' meetings, (3) roles, duties, and responsibilities of the Board of Directors, (4) performance of the Board of Directors' members, (5) relationship with management, and (6) self-improvement of directors and development of executives.
2. The performance assessment of individual members of the Board of Directors covers five areas of assessment: (1) composition and qualifications of the committee, (2) the Board of Directors' meetings, (3) effective performance of duties according to laws, regulations, and the charter, (4) devotion and dedication in performing duties, and (5) oversight and monitoring of management's actions.

The Company Secretary compiles the assessment results and presents them to the Board of Directors to review. The results will be used as guidelines for enhancing operational efficiency. The following table summarizes the assessment results of the Board of Directors and the sub-committees' performance in 2023.

| Results of the performance assessment of the Board of Directors and sub-committees | | |
|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Board of Directors/ Sub-committees | Results of the assessment of the Board of Directors' performance (As a Whole) | Results of self-assessment of work performance (Self-assessment) |
| Board of Directors | 99.11% | 99.68% |
| Audit Committee | 99.31% | 99.24% |
| Risk Management Committee | 98.78% | 99.43 % |
| Nomination and Sustainability Committee | 98.61% | 99.24% |

- **Assessment of the Chief Executive Officer's and executives' performance**

The Nomination and Sustainability Development Committee assesses the Chief Executive Officer's performance. The Chief Executive Officer assesses the performance of the Company's senior executives. This assessment data is then collected, analyzed, and reported to the Board of Directors. The results are used to consider and determine suitable remuneration for the Chief Executive Officer and senior executives,

commensurate with their performance against objectives set within a Balanced Scorecard framework. This includes assessing both financial and non-financial performance outcomes:

1. Business performance, such as enhancing the Company's revenue or sales.
2. Performance results based on policies and/or strategies assigned by the Board of Directors, by assessing against each set goal. The criteria are established as percentages of achievement towards the goals, for example, sustainable growth strategies, enhancing the income of communities or farmers, and reducing greenhouse gas emissions.
3. Customers, assessing against set goals, such as customer satisfaction.
4. organizational development, assessing against goals set for enhancing and streamlining the organization, such as employee skills training and employee satisfaction.

The Chief Executive Officer's and senior executives' performance is thoroughly, clearly, and transparently assessed, covering suitability and alignment with the scope, duties, and responsibilities of directors. The assessment is comparable with similar businesses and industries. The assessment also considers the Company's business expansion and profit growth.

Succession plan for the Chief Executive Officer and senior executives

The Company prioritizes sustainable corporate governance. The Board of Directors has established a succession plan policy as a guideline for the organization.

Succession plan objectives

- 1) To ensure continuity in operations and effective organization management;
- 2) To prepare for manpower needs and mitigate the impact of shortages in critical organizational roles;
- 3) To equip personnel with the necessary knowledge, skills, and abilities to occupy key positions within the organization.

Succession plan practices and requirements

The Company prioritizes efficient and effective management, as well as the need for continuity in business operations. Therefore, it has established a policy to develop a succession plan for the Chief Executive Officer and senior executives. The company has developed appropriate and transparent criteria and procedures to select personnel to fill key executive positions. This ensures that the Company recruits executives who have the necessary qualifications, skills, experience, and capabilities, through the consideration processes by the Nomination and Sustainability Committee and the Board of Directors.



The process for determining the qualifications of senior executives is transparent with focus on knowledge, ability, experience, and ethics. In selecting a successor for a given position, the Company will choose a Chief Executive Officer and executives who demonstrate the required knowledge, skills, and abilities.

1. The knowledge and skills required in business operations includes understanding of business processes, strategic planning, preparation of management plans and projects, budget management, marketing and sales management, risk and crisis management, accounting and finance, human resource management, organizational development and innovation, and information technology management.
2. Core competencies include the determination to successfully fulfil responsibilities to meet the organization's expectations, managing customer needs and satisfaction, adherence to righteousness and ethics, a teamwork player's mindset, and prioritizing the Company's interests.
3. Administration capability includes the ability to plan, allocate, and manage various resources appropriately, as well as to solve problems, make decisions, and manage changes.

8.1.2. Meeting attendance and remuneration for individual members of the Board of Directors

Board of Directors' Meetings

Under the Company's Articles of Association, at least half the number of directors is required to constitute a meeting quorum. The Board of Directors has established the following practices to comply with the good corporate governance principles.

1. The Chairperson of the Board of Directors convenes the Board of Directors' meetings. At each Board of Directors' meeting, the Company Secretary and the Chairperson, as well as designated independent directors, must discuss and set the meeting agenda items. The agenda items must be set in advance. A notice of invitation to the meeting and accompanying documents must be sent to each director at least seven (7) days before the meeting. However, urgent circumstances may require an alternative notification method or an earlier meeting date. The meeting may also be convened at locations other than the head office.
2. If two or more directors request a Board of Directors' meeting, the Chairperson must schedule the meeting within 14 days of receiving the request.
3. The Board of Directors must convene at least once every three months at the headquarters, a branch office, a nearby province, or any other location as it may determine. All minutes of meeting including the resolutions of the general meeting of shareholders must be recorded.
4. The Chairperson of the Board of Directors chairs the meeting, ensuring that the meetings proceed according to the agenda and encouraging full participation from all directors. This includes



posing questions, making observations, offering advice, and suggesting recommendations to management while supporting the Company's business operations without interfering in its management.

5. The Board of Directors ensures the recording and preparation of minutes of meeting, the retention of these minutes and related documents, and supports monitoring to ensure the Board of Directors fulfils its responsibilities in accordance with laws, regulations, and shareholder resolutions. This includes coordination with relevant parties.
1. At least two-thirds of the total number of directors must be present at the Board of Directors' meeting to constitute a quorum. Directors having an interest in a matter are not entitled to vote on that matter. In the event of a tie, the Chairperson of the Board of Directors has the deciding vote.

The Company has set an annual meeting schedule in advance and has informed the members of Board of Directors to allocate time for attendance. The Board of Directors must monitor operational progress and provide insights on operations, vision, mission, strategies, key policies, risks, and other matters for action. In 2023, the Board of Directors convened a total of eight meetings.

| Meeting attendance schedule of the Board of Directors for the year 2023 | | | | | (Unit : times) |
|-------------------------------------------------------------------------|-------------|------------|-----------|----------------|---------------------------------------------|
| Names | Positions | Attendance | | | 2023 annual general meeting of shareholders |
| | | Total | In person | Electronically | |
| 1. Mr. Chanitr Charnchainarong | Chairperson | 8/8 | 4/8 | 4/8 | 1/1 |
| 2. Mr. Ronachit Jinadit | Director | 8/8 | 6/8 | 2/8 | 1/1 |
| 3. Mrs. Chanatip Weerasubpong | Director | 8/8 | 3/8 | 5/8 | 1/1 |
| 4. Mr. Tepakul Poonlarp | Director | 8/8 | 6/8 | 2/8 | 1/1 |
| 5. Mr. Chuwit Jungtanasomboon | Director | 8/8 | 7/8 | 1/8 | 1/1 |
| 6. Mr. Sakchai Jongstapongpun | Director | 8/8 | 8/8 | - | 1/1 |
| 7. Miss Py Attpisarn | Director | 8/8 | 8/8 | - | 1/1 |

Note : - The Company's policy requires, on average, at least 80% of Board of Directors' members to attend the meetings each year. In 2023, the Board of Directors achieved 100% attendance.



| Meeting attendance schedule of sub-committees for the year 2023 | | | (Unit : times) |
|-----------------------------------------------------------------|-----------------|-----------------------------------------|---------------------------|
| Names | Audit Committee | Nomination and Sustainability Committee | Risk Management Committee |
| 1. Mr. Chanitr Charnchainarong | 5/5 | | |
| 2. Mr. Ronachit Jinadit | 7/7 | 12/12 | |
| 3. Mrs. Chanatip Weerasubpong | 7/7 | 12/12 | 12/12 |
| 4. Mr. Tepakul Poonlarp | 2/2 | | 12/12 |
| 5. Mr. Chuwit Jungtanasomboon | | 12/12 | 12/12 |
| 6. Mr. Sakchai Jongstapongpun | | | 12/12 |

note : Mr. Chanitr Charnchainarong has been appointed as a member of the Audit Committee, replacing Mr. Mr. Tepakul Poonlarp, who resigned, according to the resolution of the Board of Directors' Meeting No. 3/2023 on 15 March 2023.

Non-executive meetings

The Company has organized meetings for non-executive directors, excluding management participation. The purpose of these meetings is for non-executive committee members to discuss various issues, significant management concerns, and to enable non-executive directors to freely express their views without management's presence. On 8 December 2023, the Company organized a meeting without the executive directors' participation to discuss the review of financial statements, related party transactions, internal audit guidelines, and inventory counting methods. The outcomes were reported to the Chief Executive Officer for acknowledgement.

Directors' remuneration

The Nomination and Sustainability Committee has set a remuneration policy for the Board of Directors and its sub-committees, based on practices observed in listed companies within the same industry. This includes principles of good corporate governance, considering business expansion, size, performance, the Company's growth, as well as the Board and committee members' duties and responsibilities in the previous year. Economic growth data were also considered in the deliberation. Payment of director remuneration requires approval from the general meeting of shareholders.

(1) Monetary remuneration

The 2023 annual general meeting of shareholders on 10 April 2023 approved monthly remuneration and meeting allowances for chairperson of the Board of Directors as well as for the Board of Directors, and



meeting allowances for chairpersons and members of sub-committees. The total amount of remuneration is up to THB 7,000,000 each year, subject to change upon future proposals and approval by the shareholders' meeting. A director tasked with additional responsibilities will receive higher remuneration commensurate with the additional responsibilities. Directors involved in management have opted out of receiving meeting allowances. The following table discusses remuneration details.

| Remuneration rates for the Board of Directors and sub-committees (Unit : THB) | | | | | |
|--------------------------------------------------------------------------------|----------------------|----------------------------------|----------------------------------|----------------------------------|-----------------------------------------|
| Directors' remuneration | Board of Directors | | Audit Committee | Risk Management Committee | Nomination and Sustainability Committee |
| | Monthly remuneration | Meeting allowance (each meeting) | Meeting allowance (Each meeting) | Meeting allowance (Each meeting) | Meeting allowance (Each meeting) |
| Chairperson | 60,000 | 50,000 | 40,000 | 40,000 | 40,000 |
| Director | 40,000 | 45,000 | 35,000 | 35,000 | 35,000 |

Note : Directors involved in the management have opted out of 2023 directors' remuneration.

| Remuneration of individual directors (Unit : THB) | | | | | |
|----------------------------------------------------|--------------------|-----------------|---------------------------|-----------------------------------------|------------------|
| Names | Board of Directors | Audit Committee | Risk Management Committee | Nomination and Sustainability Committee | Total |
| Mr.Chanitr Charnchainarong | 1,075,000 | 175,000 | - | - | 1,250,000 |
| Mr. Ronachit Jinadit | 840,000 | 280,000 | - | 420,000 | 1,540,000 |
| Mrs. Chanatip Weerasubpong | 840,000 | 245,000 | 420,000 | 480,000 | 1,985,000 |
| Mr. Tepakul Poonlarp | 840,000 | 70,000 | 480,000 | - | 1,390,000 |
| Total | | | | | <u>6,165,000</u> |

Note :The Company has seven directors, three of whom are involved in management and have opted out of their annual director remuneration for 2023.

(2) Other remuneration

The Company has offered group health and accident insurance to its directors.



8.1.3. Supervision of subsidiaries and associated companies

As of 31 December 2023, the Company does not have any subsidiary or associated company.

8.1.4. Monitoring and ensuring adherence to corporate governance policies and practices.

The Board of Directors, following a recommendation from the Nomination and Sustainability Committee, reviewed the implementation of the Good Corporate Governance Principles for Listed Companies in 2017 (Corporate Governance Code: CG Code). At the Board of Directors' Meeting No. 8/2023 on 8 December 2023, the Company Secretary propose details about the Board of Directors' roles and duties, as well as the significance of the CG Code for the Board of Directors' review, consideration, and acknowledgement.

The Company prioritizes good corporate governance and has established relevant policies and practices in its corporate governance policy and business ethics, while also promoting their genuine implementation to foster trust among all stakeholders. Over the past year, the Company has followed up on adherence to good corporate governance in four additional areas.

(1) Preventing conflicts of interest

To prevent conflicts of interest, the Company has defined a clear policy for conflicts of interest reporting. This includes outlining in writing the approval process for transactions involving the Company or individuals with potential conflict. A monitoring and verification system is also put in place to ensure transactions are conducted according to the proper procedures, including disclosing information in these reports to comply with the requirements of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

Reporting on interests of directors and executives

The Company requires all directors and executives to report their financial interests and conflicts of interest, as well as those of related parties, when entering into any transactions with the Company. The reporting obligation starts when they assume their position for the first time. They must also report any changes in this information during their tenure and submit an annual report at the end of each year. The Company has appointed the Company Secretary to collect and maintain reports and submit them to the Chairperson of the Board of Directors and the Chairperson of the Audit Committee for review and oversight of the interests of directors and executives, in accordance with good corporate governance principles.

For related party transaction approval, the responsible department will summarise the transaction details and compile all relevant information to present to the Company Secretary. Then, the matter will be presented following the established steps and approval process, where executives and directors interested in



the transaction will be excluded from the decision-making on the matter. Furthermore, the Audit Committee will jointly oversee these related party transactions to ensure they are necessary and fairly priced.

In 2023, the Company did not identify any instances of breach of the conflicts of interest policy.

(2) Using inside information for gain

The Company has established an information disclosure policy as a preventive measure against the abuse of inside information by related parties, including Board of Directors members, senior executives, and employees in departments handling sensitive information, as well as their spouses and minor children. The following discusses details of the policy.

1. Related persons are prohibited from trading the Company's securities within one month before the announcement of quarterly and annual financial statements, and for 24 hours following these disclosures (Blackout Period). Those privy to inside information are also prohibited from revealing it to external parties or individuals with no related responsibilities. This blackout period prohibition aims to prevent the abuse of inside information.
2. The Board of Directors, executives, and the Company's auditors must report any changes in their securities holdings, as well as those of their spouses and minor children, to the Office of the Securities and Exchange Commission in accordance with section 59 of the Securities and Exchange Act, B.E. 2535 (1992). They must also acknowledge the penalties stipulated by the Act for non-compliance. Directors and executives must submit a copy of their securities transactions report to the Company on the same day that they report to the Office of the Securities and Exchange Commission, which must be done within three business days. These reports must be submitted to the Company Secretary and presented at the Board of Directors' meeting.
3. The Company prohibits disclosing its confidential information and/or inside information or using such information to seek personal gain or benefit others, directly or indirectly, with or without compensation.

In 2023, there were no instances of trading of the Company's securities during the blackout period by directors, executives, related persons, or employees in departments dealing with financial statements or information potentially impacting securities prices.



(3) Anti-corruption

The Company has consistently prioritized the combat against fraud and corruption by establishing a formal anti-corruption policy and guidelines. The Company emphasizes anti-corruption efforts in its operational processes, monitoring, review, complaint measures, whistleblower channels, and protective measures for those reporting misconduct or corruption. Whistleblowers who report clues or complaints will be protected and their identity will be kept confidential. Matters reported through whistleblowing will be carefully and impartially investigated. The Company has disseminated its anti-corruption policy and whistleblowing measures through the internal electronic communication system (e-mail). The Company has also published the policy on the Company's website (www.nerubber.com) under the "Good Corporate Governance/Anti-Corruption and Whistle-Blowing Handbook" section.

The Company has set the following guidelines for monitoring and evaluating adherence to practices aimed at preventing involvement in corruption.

1. The Company has established an internal audit department to be responsible for inspecting the internal control system, risk management, and good corporate governance. The department provides continuous feedback by conducting audits according to the annual audit plan approved by the Audit Committee and reports significant audit results and recommendations to the Audit Committee.
2. The Audit Committee will report to the Board of Directors for corrective actions within the time period that the Audit Committee considers appropriate if the investigation of the facts reveals that information from inspections or complaints provides evidence of transactions or actions that may significantly impact the financial position and operating results of the Company, including violations, illegal acts, or doubts about financial reports or the internal control system.

In 2023, the Company did not find any significant corruption in its operations.

(4) Reporting clues and complaints

The Board of Directors has established channels through which stakeholders can contact, lodge complaints, and report issues that may harm the Company, such as illegal activities, violations of human rights, including breaches of rules and regulations, and unethical business practices that lead to reputational and property damage and loss. Stakeholders may lodge complaints or reports at <https://www.nerubber.com/whistleblowing-or-complaints-policy> or email directly the Chairperson of the Audit Committee at CAC@nerubber.com.

The Company has established measures for whistleblowing, protecting whistleblowers, investigating procedures, penalty consideration, and prevention. The Company has a policy to protect whistleblowers or



reporters and will keep their information confidential. Additional information about whistleblowing is available on the Company's website at www.nerubber.com under the topic of good corporate governance.

In 2023, the Company did not receive any complaints, whistleblowing reports, or reports concerning directors, executives, or employees violating the code of ethics or regarding corruption through the Company's whistleblowing channels.

8.2. Report on the Performance of Duties of the Audit Committee and Other Sub-Committees

8.2.1 The 2023 Audit Committee Report

The Audit Committee of Northeast Rubber Public Company Limited comprises three qualified independent directors: Mr. Ronachit Jinadit, Chairperson of the Audit Committee, Mr. Chanitr Charnchainarong, and Mrs. Chanatip Weerasubpong, Audit Committee Members, with Mrs. Pirada Tonahongsa serving as the secretary of the Audit Committee.

In 2023, the Audit Committee fulfilled its duties assigned by the Board of Directors. It also complied with the Audit Committee's charter, which is consistent with the Securities and Exchange Act. The Audit Committee has adhered to the principles of good corporate governance, implemented a risk management process, and maintained adequate internal controls with the aim to achieve transparency and business sustainability. The Company outsourced its internal audit tasks to enhance the quality of its internal audits, aiming to add value while considering the comprehensive needs of all stakeholders. Details are discussed below.

1. The Company has implemented a policy to enhance the quality of its internal audits, ensuring that they meet stakeholders' expectations with efficiency, effectiveness, and reliability. This approach prioritizes audits focusing on performance and outcomes, expands the advisory and consultancy roles to add value, and commits to the continuous improvement and development of work processes.

2. The Company strives to elevate its internal control and good governance processes, risk management, and compliance with laws, regulations, rules, and standards. It emphasizes management's role in fostering a culture of careful and conscientious execution among staff, including the timely review of relevant regulations to correspond to the organization's context. Moreover, it oversees operations through stringent internal controls, establishing clear short-term and long-term operational measures and guidelines to mitigate non-compliance risks.

In 2023, the Audit Committee convened a total of seven meetings, with all three members attending every meeting.

The following section discusses the key aspects of the Audit Committee's responsibilities.



1. Financial reports review

The Audit Committee reviewed the quarterly and annual financial reports for 2023 of Northeast Rubber Public Company Limited, in collaboration with the management, internal auditor, and auditor. The committee enquired the auditor about the financial report's accuracy and completeness. The inquiry topics also included any significant adjustment of accounting entries and accounting estimates impacting financial reporting, the sufficiency and appropriateness of accounting recording methods and audit scope, and the completeness, adequacy, and accurateness of disclosed information. Additionally, it covered the auditor's independence to ensure financial reports are prepared in compliance with legal requirements and accounting standards, according to generally accepted accounting principles, ensuring reliability, timeliness, and the provision of useful and adequately disclosed information to financial report users.

2. Review of connected transactions or items that may have conflicts of interest

The Audit Committee reviewed connected transactions and those that might present conflicts of interest. The relevant directors' report indicated that these transactions were reasonable and disclosed correctly and timely to the Stock Exchange of Thailand.

3. Review of internal control and audit systems

The Audit Committee, together with the internal auditors, has reviewed the efficiency and effectiveness of the internal control processes quarterly. This review covered operational performance, resource utilization, asset management, the prevention or minimisation of errors and losses, the reliability of financial reporting, and compliance with laws, regulations, and guidelines. No material issues or deficiencies were found in the review. The internal control assessment results comply with the Securities and Exchange Act.

4. Risk management review

The Audit Committee assessed the efficiency and effectiveness of the risk management process, including the work plans and strategies that impact the Company's operating results. It also offered risk management suggestions to the Risk Management Committee to enhance and improve processes, ensuring preparedness for unforeseen circumstances.

5. Good corporate governance review

The Audit Committee reviewed the compliance work process to ensure compliance with applicable laws, rules, and regulations relevant to the business operations of Northeast Rubber Public Company Limited, as well as the established compliance work systems. The review's objective was to ensure that the Company operates reasonably within normal business parameters. It also examined the process for handling complaints and whistleblowing reports.



6. Maintaining the quality of the Audit Committee

The Audit Committee assessed the appropriateness of its charter and evaluated its performance both collectively and individually, including self and peer evaluations, following the "Good Practices of the Stock Exchange of Thailand." This ensured the Audit Committee's operations were efficient and met the set objectives. The Audit Committee has reported its annual performance outcomes to the Board of Directors.

7. Proposal to appoint an auditor and to fix audit fees for 2024

The Audit Committee selected M.R. and Associates Company Limited. It considered and reviewed the proposal for approval by the Board of Directors and at the general meeting of shareholders. The Audit Committee considered factors including independence, potential, work quality, service offerings, and audit procedures to ensure compliance with the Office of the Securities and Exchange Commission's guidelines for rotating key audit partners. The past year's performance was satisfactory. The auditor demonstrated independence, skill, knowledge, and capability, with extensive experience in auditing the Company's business. Additionally, the auditor offered insights related to the business beyond the scope of auditing. The Audit Committee recommends that the Board of Directors consider and propose for shareholder approval the appointment of Mr. Akradet Pliansakul, Certified Public Accountant No. 5389, Mr. Phisit Chiwareungrong, Certified Public Accountant No. 2803, or Ms. Kornthip Wanitchwisetkul, Certified Public Accountant No. 6947, from M.R. and Associates Company Limited as the Company's auditors for 2024. The Audit Committee also suggests approving the audit fee for the 2024 financial statements.

In summary, the Audit Committee fulfilled its duties and responsibilities as outlined in the Audit Committee Charter, employing knowledge, skills, caution, diligence, and adequate independence. It also provided opinions and recommendations beneficial to all stakeholders equally. The Audit Committee believes that the financial statements of Northeast Rubber Public Company Limited are accurate, reliable, and adhere to generally accepted accounting standards. Northeast Rubber Public Company Limited operates in compliance with legal requirements and business-related obligations. It maintains good corporate governance, effective risk management, and adequate internal controls.

On behalf of the Audit Committee

Mr. Ronachit Jinadit

Chairman of the Audit Committee



8.2.2 Report of the Risk Management Committee for 2023

Northeast Rubber Public Company Limited prioritizes corporate risk management as a key instrument to address various risk factors, both internal and external. This includes the impact of the Russia-Ukraine conflict, which has led to increased transportation costs due to higher oil prices, the cost of living crisis, and the effects of stringent monetary policies aimed at curbing inflation, such as higher central bank interest rates. The Company also focuses on the evolving situation of uncertainty and emerging risks expected to intensify. These are factors that require the Company's attention in its business operations. Therefore, risk management is a crucial component in mitigating impacts, enabling the Company to meet its defined goals.

The Risk Management Committee supports the Board of Directors' efforts under good corporate governance principles to ensure the Company's risk management is efficient and effective. This approach enables the achievement of business objectives consistent with the organization's vision and direction. It also helps mitigate the impact of uncertainties in the business environment, fostering confidence and trust among shareholders and stakeholders. This reassurance is based on the Company's comprehensive risk management system which is able to address all aspects of risk.

In 2023, the Risk Management Committee held monthly meetings, totaling 12 meetings. The followings discusses main issues of the meetings:

1. The Risk Management Committee has reviewed the Risk Management Committee Charter to align with the principles of good corporate governance, critically scrutinized risk management policies, and established a risk management plan that is continuously monitored according to the process outlined in the organization's risk management manual. It emphasized adherence to the COSO (The Committee of Sponsoring organizations of the Treadway Commission) risk management framework, or ERM COSO (2017), to encompass all five main risk areas: strategy, operations, finance, compliance, and fraud, as well as emerging and sustainability risks.

2. The Risk Management Committee has monitored significant global situations that could impact the Company's operations, continuously tracking risk topics and endorsing the Business Continuity Plan (BCP). This plan serves as a guideline to manage business operations without interruption, even when encountering serious incidents or emergencies. The Risk Management Committee has developed a comprehensive risk management plan to address a variety of risk scenarios.

3. The Risk Management Committee is aware of the importance of risk management. It has monitored and analysed the organization's performance, including production volumes and actual operating expenses each month. These are then compared to costs and gross profit, with estimated sales revenue evaluated alongside forward contracts in order to mitigate exchange rate risks. The committee also tracks projects and inventory levels regularly.



4. The Risk Management Committee offers guidance and advice to the Risk Management Working Group. The Risk Management Committee's Chairman has participated in meetings to discuss appropriate strategies for managing risk factors. This aims to further improve the corporate risk management system.

5. The Risk Management Committee has reviewed the risk management report to monitor material risks and implemented measures to ensure adequate and appropriate corporate risk management. It also addresses any other necessary matters to be presented and reported to both the Audit Committee and the Board of Directors.

In summary, the Risk Management Committee has fulfilled its duties as outlined in its charter, conducting systematic risk management consistent with the principles of good corporate governance. This approach ensures that business operations meet their objectives and continue to sustainably generate added value for the Company, its shareholders, and stakeholders.

Mr. Tepakul Poonlarp
Chairperson of the Risk Management Committee



8.2.3 Report of the Nomination and Sustainability Committee for 2023

The Nomination and Sustainability Committee of Northeast Rubber Public Company Limited comprises three committee members, including two independent directors. Mrs. Chanatip Weerasubpong serves as the chairperson of the committee. Mr. Ronachit Jinadit and Mr. Chuwit Jungtanasomboon are the committee members. Mr. Parinya Leenatham is secretary to committee.

The Board of Directors appointed the Nomination and Sustainability Committee. The committee's duties include establishing recruitment and sustainable development policies. It screens suitable candidates to serve as directors and/or senior executives, evaluates criteria for setting remuneration of directors and senior executives to ensure appropriateness and alignment with goals. Additionally, it supports the Board of Directors' efforts in corporate sustainability, fostering cooperation to enhance business value and develop the organization's responsibility towards society and the environment, ensuring sustainable growth. The committee has also updated its operational guidelines to encompass and align with the Company's current circumstances and business strategy, recognizing the best interests of shareholders and stakeholders. In 2023, the Nomination and Sustainability Committee convened 12 meetings to consider several significant matters as follows.

Recruitment and remuneration

1. The committee has evaluated the structure, size, and composition of the Company's Board of Directors, focusing on the diversity of skills, experiences, genders, and ages of potential candidates. The committee's decision leveraged the Board Skills Matrix to ensure suitability to the Company's size, type, business nature, and complexity. The consideration aimed to enable the committee to recommend the Board of Directors and/or the general meeting of shareholders on director appointment.
2. The committee has established corporate performance indicators (Corporate KPIs) for 2024 to include evaluation criteria for the performance of the Chief Executive Officer and Deputy Chief Executive Officers, and presented these criteria to the Board of Directors. It also assessed the performance of the Chief Executive Officer and Deputy Chief Executive Officers across various departments. This assessment was intended to inform considerations and improvements in various aspects of work performance, alongside promoting further training and relevant knowledge enhancement in appropriate fields, to be subsequently presented to the Company's Board of Directors for further consideration.
3. The committee has established remuneration evaluation criteria, salary adjustments, and other forms of remuneration for directors and sub-committee members to align with the Company's operating results. These criteria are to be presented to the general meeting of shareholders and the Board of Directors for approval.
4. The committee has advised on human resource management, succession planning, and the management of highly talented individuals to align with the organization's goals and work plans.



Corporate sustainable development

1. The committee has reviewed and improved the organization's sustainable development policy, along with various policies and practices, to align with changes in business and relevant laws, meeting international standards.
2. The committee has reviewed the organization's sustainability strategy and proposed recommendations to promote and drive cooperation in developing the organization's sustainability.
3. The committee has monitored and overseen the work plan implementation. It has also evaluated the performance and progress of the organization's sustainability operations, and regularly reported the performance results to the Board of Directors.
4. The committee has reviewed the charter of the Nomination and Sustainability Committee and presented it to the Board of Directors.

In 2023, the Nomination and Sustainability Committee conducted its work thoroughly and accurately, with care and caution. It also supervised and supported management in sustainably driving the organization towards stability by managing the business efficiently and effectively, using business resources wisely and ensuring quality. The committee adhered to the sustainability management framework, prioritizing the three core principles: environmental, social, and corporate governance, alongside business operation. The committee established guidelines for social enterprise operations, focusing on meeting needs, and promoting community well-being. The committee is determined to drive the organization towards transparency, fairness, and morality, based on honesty, for the best interest of shareholders and all stakeholders, leading to sustainable growth.

On behalf of the Nomination and Sustainability Committee

Mrs. Chanatip Weerasubpong

Chairperson of the Nomination and Sustainability Committee



8.2.4 Report of the Executive Committee

The Board of Directors appoints the Executive Committee to supervise, manage, and control the Company's operations in accordance with the policies and business strategies set by the Board of Directors. The Executive Committee also ensures compliance with business ethics and various laws related to the Company's business. In 2023, the Executive Committee convened 12 meetings to consider various important corporate matters. The committee then reported the meeting outcomes and provided guidelines and recommendations for the Board of Directors to consider. The following is a summary of these meetings.

1. The committee has reported on the Company's monthly operating results.
2. The committee has presented to the Board of Directors the Company's goals, business strategy, annual plan, and medium-term plans. The committee is also responsible for managing the Company's affairs in accordance with the policies, directions, and goals that have been set, particularly focusing on developing the organization for sustainable growth.
3. The committee has considered and approved the Company's business plan, annual budget, and investments for presentation to the Board of Directors.
4. The committee has carefully considered connected transactions and asset acquisitions or disposals. It has ensured price reasonableness and other conditions, prioritizing the interests of the Company and its shareholders. The committee has considered these transactions before presenting them to the Audit Committee and the Board of Directors for approval in case of a transaction of material size.
5. The committee has ensured that financial reports are prepared for audit or review and has approved the financial statements before presenting them to the Audit Committee and the Board of Directors. The committee has also monitored the operations of each department of the Company monthly and provided suggestions to enhance efficiency.
6. The committee has reviewed the executive committee charter to guide duty performance to be appropriate to the current situation. This includes setting and reviewing policies and regulations regarding the operations of various departments and the Company's operating authority manual to align with the current situation.
7. The committee has supported and encouraged employees to continuously innovate in both product development and new production methods, aiming for effective work development.
8. The committee has carried out various tasks assigned by the Board of Directors.

The Executive Committee remains committed to performing its duties to the best of its capability for the maximum benefit and equality for shareholders and all groups of stakeholders. This is to lead the organization to grow steadily and sustainably.

Mr. Chuwit Jungtanasomboon
Chief Executive Officer



9.1 Internal control

The Company recognizes the importance of the internal control system and considers oversight as a significant responsibility, in order to ensure that the system is both suitable and sufficient. This oversight aims to reasonably assure that all departments perform consistently and meet the Board of Directors' objectives. To implement internal controls, the Company has established an Audit Committee to review its internal controls and operating systems. The Company coordinates with auditors, internal auditors, and management to review financial reports, ensuring adequate and reliable disclosure of information to comply with the Securities and Exchange Act, as well as related requirements, regulations, and laws governing the Company's business operations. The Audit Committee's performance report will be prepared for the Board of Directors and included in the Company's Annual Report.

The Company has reviewed and approved the appointment of an internal auditor from Aim to Prosperity Company Limited, an outsourced external audit firm. Aim to Prosperity Company Limited has appointed Mr. Phaisan Puratcharoenchai as the internal auditor to review the Company's internal control system. The internal auditor will present the internal audit report to the Audit Committee and prepare an annual internal audit plan to be submitted for the Audit Committee's approval. This process ensures that operations comply with the Company's planned work and policies. The Company has continually enhanced the quality of its internal control. The Audit Committee believes that Aim to Prosperity Company Limited is appropriately qualified for this role, due to its proven track record and experience in reliably auditing listed companies. Details regarding the Head of Internal Audit and the Head of Operations Supervision for the Company are in Attachment 3.

The Board of Directors' meeting No.1/2024 on 27 February 2024, with three members of the Company's Audit Committee in attendance, reviewed the internal control system's sufficiency based on the Office of the Securities and Exchange Commission's assessment criteria. The Board of Directors views that the Company maintains a sufficient and appropriate internal control system, including adequately managing transactions with persons having potential conflicts of interest and connected person. In the review of the Company's financial statements for the year ending 31 December 2023, M. R. & Associates Company Limited, the Company's auditor, found no significant weaknesses in the internal control system that would impact the Company's financial statements. The assessment of the internal control system followed the Five Components Framework for Internal Control Practice, summarized as follows:



1. Control Environment

- The Company has established its vision and mission, along with clearly written policies and procedures. It has developed corporate governance manuals and set ethical standards and codes of conduct. These documents, along with regulations and business ethics guidelines, have been communicated to all levels of directors, executives, and employees. The Company also discloses information on connected transactions or situations that might lead to conflicts of interest. The Company prioritizes combating fraud and corruption by establishing clear anti-fraud and whistleblowing policies. These policies serve as guidelines for transparent and accountable actions. The Company has communicated various policies to its management and employees using the Company's communication channels, such as email and the Company's website.
- The Board of Directors is knowledgeable about the business and possesses expertise beneficial to the Company. The Board of Directors' composition includes independent directors who are knowledgeable, capable, and trustworthy. The appropriate number of these directors maintains the independence necessary for effectively performing their duties. The roles and responsibilities of the Board of Directors and its sub-committees, including the Audit Committee, the Risk Management Committee, the Nomination and Sustainability Committee, and the Executive Committee, have been clearly defined to ensure appropriate checks and balances and foster effective internal control.
- An appropriate organizational structure aligns with the organization's business strategy. Assignment of mandates, duties, and responsibilities is clearly provided in writing. Approval authorities are clearly defined to limit the scope within which the Board of Directors and management can approve operations or transactions. An annual work plan and key performance indicators (KPIs) are established to guide operations. Performance against targets is consistently monitored, and annual goals are regularly reviewed. Every employee is aware of their roles, duties, and responsibilities. Performance and behavior are assessed. The assessment results will be used to make informed remuneration decisions, serving as a motivator for performance improvement. The assessments include both strengths and areas for improvement, ensuring that employees are well-informed about their progress and improvement requirements.
- Employees are required to have specific levels of knowledge and skills for their roles, which include educational background and practical work experience. Job descriptions are prepared as benchmarks to ensure the recruitment of employees aligns with their duties and responsibilities. The Company encourages employees to enhance their knowledge and skills following the annual Personnel Development Plan. The Company reviews the workforce levels annually to ensure alignment with the business operation directions. The Company has put in place processes for recruiting, developing, and retaining all levels of executives and employees. This includes a succession plan for significant positions.



In summary, the Company maintains a strong, suitable, and sufficient internal control environment to ensure that all employees across the organization understand the necessity and significance of internal controls.

2. Risk Assessment

The Company recognizes and advocates for the development of a concrete risk management system. The Board of Directors has appointed the Risk Management Committee to review governance policies and foster activities in corporate risk management corresponding with the Company's strategic and business objectives. This involves conducting risk analysis to consider both internal and external factors spanning various areas relevant to the Company. All types of risks that may affect our operations are identified and analyzed. Risk analysis is a crucial element of every business operation and must be assessed across all levels. Therefore, risk management policy and manual have been created to ensure awareness and compliance by managers and employees. Organizational risk is assessed in order to identify and analyze all relevant risk factors for each unit, including existing controls and additional measures to mitigate risks to an acceptable level (Risk Appetite). Continuous risk monitoring and reporting are necessary to allow management to effectively use this information as a tool for timely implementation of preventive measures.

3. Control Activities

The Company puts in place internal control measures to mitigate the risk of failing to achieve organizational objectives. These measures are discussed below.

- The Company establishes policies, regulations, requirements, directives, plans, and procedures in writing to guide operations. These are regularly reviewed with and communicated to employees in order to ensure accurate implementation.
- The scope of authority, duties, and approval powers of executives are clearly defined in writing. Duties and assignments are appropriately segregated, so as to achieve a strict division between the roles of report preparers, auditors, and those with approval authority, as well as between procurement, approval, and receipt functions, in order to ensure effective checks and balances. For example, the line of authority for approval of financial operations is clearly defined, serving as a guideline for transparent and clear execution of tasks.
- A stringent policy is in place for related party transactions or connected transactions in order to comply with the regulations of the Office of the SEC and the SET.



4. Information & Communication

- The Company ensures that the entire organization communicates effectively, enabling employees to access comprehensive information through various channels, including the Company's website, announcements, directives from executives or supervisors to all staff levels, and email. This drives the entire workforce towards shared goals and reinforces the importance of fulfilling duties efficiently, fostering an organizational culture that promotes collaboration.
- The Company offers various stakeholder communication channels. This includes websites, Facebook, and Line application, enabling customers, partners, shareholders, investors, and the general public to regularly access important updates about the Company. These platforms also facilitate communication for queries or feedback, ensuring that interactions are accurate, swift, and comprehensive.
- The Company acknowledges and prioritizes information security, implementing policies and practices to ensure the security of information. It maintains a system to protect personal data, and to preserve the confidentiality, reliability, and availability of such data, alongside cybersecurity and personal data protection measures. These measures aim to prevent unauthorized use or alteration of information. Software and protection systems are installed, along with data backup and management to ensure business continuity.
- The Company provides channels for receiving feedback, suggestions, complaints, and reports of corruption. Whistleblowers' information will be kept confidential in accordance with the Company's policy, which protects good faith whistleblowers. This serves as a tool for identifying breaches or failures to comply with the Company's policies, rules, laws, regulations, and code of business ethics.

5. Monitoring & Evaluation Activities

The Company has established a system for monitoring and evaluating internal control effectiveness, ensuring comprehensive and appropriate implementation.

- The Company monitors employees' adherence to established standards by requiring them to submit performance reports based on specified indicators, enabling continuous and timely monitoring and evaluation.
- The Company's management continuously tracks economic events and trends to evaluate and adjust operational strategies to align with current circumstances. It also devises an operational plan to anticipate events that could impact the organization's future objectives.



9.2. Related Party Transactions

9.2.1 Nature of Relationship

The Company has transacted with individuals with potential conflicts of interest. These transactions involve directors, executives, and/or major shareholders, as well as related companies where these conflicted individuals serve in similar capacities. The transactions occurred in the fiscal year ending 31 December 2022 and the fiscal year ending 31 December 2023. The following table discusses details of these related party transactions.

| Company/Individual with Potential Conflict | Nature of Relationship | Related Party Transactions (Yes=✓ / No=✗) | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|------|
| | | 2022 | 2023 |
| 1. N.E. Agritech Company Limited This company operates a wholesale business selling agricultural machinery, equipment, and offers repair services for agricultural machinery. The company's director is Ms. Sarinya Jungtanasomboon, who is the sister of Mr. Chuwit Jungtanasomboon. | <ul style="list-style-type: none"> - Mr. Jirayut Jungtanasomboon (Mr. Chuwit Jungtanasomboon's son) owns 86.67% of the registered/paid-up capital of N.E. Agritech Company Limited. As of 31 December 2023, Mr. Jirayut Jungtanasomboon is also a 4.55% shareholder of the Company. - Mr. Narin Jungtanasomboon (Mr. Chuwit Jungtanasomboon's father) owns 8.00% of the registered/paid-up capital of N.E. Agritech Company Limited. - Mrs. Chum Jungtanasomboon (Mr. Chuwit Jungtanasomboon's mother) owns 5.33% of the registered/paid-up capital of N.E. Agritech Company Limited. - Ms. Sarinya Jungtanasomboon (Mr. Chuwit Jungtanasomboon's sister) is a director of the company. | ✓ | ✓ |



| Company/Individual with Potential Conflict | Nature of Relationship | Related Party Transactions (Yes=✓ / No=✗) | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|------|
| | | 2022 | 2023 |
| 2. S. K. Petroleum Company Limited This company operates a fuel service station business. It has one director, namely Ms. Wilasini Jungtanasomboon. | <ul style="list-style-type: none">- Ms. Wilasinee Jungtanasomboon (Mr. Chuwit Jungtanasomboon's daughter) is a director and owns 90% of the registered/paid-up capital of S.K. Petroleum Company Limited. As of 31 December 2023, Ms. Wilasinee Jungtanasomboon is also a 1.63% shareholder of the Company.- Mr. Jirayut Jungtanasomboon (Mr. Chuwit Jungtanasomboon's son) owns 5% of the registered/paid-up capital of S.K. Petroleum Company Limited. As of 31 December 2023, Mr. Jirayut Jungtanasomboon is also a 4.55% shareholder of the Company.- Ms. Mathucha Jungtanasomboon (Mr. Chuwit Jungtanasomboon's daughter) owns 5% of the registered/paid-up capital of S.K. Petroleum Company Limited. As of 31 December 2023, Ms. Mathucha Jungtanasomboon is also a 1.98% shareholder of the Company. | ✓ | ✓ |
| 3. Chuwit Farm (2019) Public Company Limited This company operates a broiler chicken breeding business. It has seven directors, including: 1) Ms. Sarinya Jungtanasomboon; 2) Ms. Mathucha Jungtanasomboon; 3) Mr. Churat Jungtanasomboon; 4) Mrs. Sirirak Khaochaimaha; 5) Mr. Tepakul Poonlarp; | <ul style="list-style-type: none">- Ms. Mathucha Jungtanasomboon (Mr. Chuwit Jungtanasomboon's daughter) is a director and owns 55.03% of the registered/paid-up capital of Chuwit Farm (2019) Public Company Limited. As of 31 December 2023, Ms. Mathucha Jungtanasomboon is also a 1.98% shareholder of the Company.- Ms. Sarinya Jungtanasomboon (Mr. Chuwit Jungtanasomboon's sister) is a director and owns 23.45% of the registered/paid-up capital of Chuwit Farm (2019) Public Company Limited. | ✓ | ✓ |

| Company/Individual with Potential Conflict | Nature of Relationship | Related Party Transactions (Yes=✓ / No=✗) | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|------|
| | | 2022 | 2023 |
| <p>6) Mr. Amnat Yoosuk; and</p> <p>7) Mr. Chanon Chingchayanurak.</p> <p>Chuwit Farm (2019) Public Company Limited was established through the merger of the following four companies on 19 December 2019, including:</p> <ol style="list-style-type: none"> 1. Chuwit Farm Company Limited; 2. Thanasomboon Farm Company Limited; 3. North East Poultry Business Company Limited; and 4. Vichayut Poultry Company Limited. | <ul style="list-style-type: none"> - Mr. Chuwit Jungtanasomboon owns 4.19% of the registered/paid-up capital of Chuwit Farm (2019) Public Company Limited, and holds 27.34% of the Company's paid-up capital as of 31 December 2023. - Ms. Phanida Jungtanasomboon (Mr. Chuwit Jungtanasomboon's spouse), is the Company's Executive Director and Deputy Chief Executive Officer of Supply Chain and owns 4.19% of the registered/paid-up capital of Chuwit Farm (2019) Public Company Limited. As of 31 December 2023, Ms. Phanida Jungtanasomboon is also a 0.29% shareholder of the Company. - Ms. Wilasinee Jungtanasomboon (Mr. Chuwit Jungtanasomboon's daughter) owns 5.60% of the registered/paid-up capital of Chuwit Farm (2019) Public Company Limited. As of 31 December 2023, Ms. Wilasinee Jungtanasomboon is also a 1.63% shareholder of the Company. - Mr. Jirayut Jungtanasomboon (Mr. Chuwit Jungtanasomboon's son) owns 5.60% of the registered/paid-up capital of Chuwit Farm (2019) Public Company Limited. As of 31 December 2023, Mr. Jirayut Jungtanasomboon is also a 4.55% shareholder of the Company. - Mr. Narin Jungtanasomboon (Mr. Chuwit Jungtanasomboon's father) owns 0.97% of the registered/paid-up capital of Chuwit Farm (2019) Public Company Limited. - Mrs. Chum Jungtanasomboon (Mr. Chuwit Jungtanasomboon's mother) owns 0.97% of the registered/paid-up capital of Chuwit Farm (2019) Public Company Limited. | | |

| Company/Individual with Potential Conflict | Nature of Relationship | Related Party Transactions (Yes=✓ / No=✗) | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|------|
| | | 2022 | 2023 |
| | <ul style="list-style-type: none"> - Mr. Churat Changthansomboon (Mr. Chuwit Changthansomboon's brother) is a Director of Chuwit Farm (2019) Public Company Limited. | | |
| 4. N. E. Hemp Company Limited This company operates a hemp product importing, manufacturing, and selling business. It has two directors, including: 1) Mr. Chuwit Jungtanasomboon; and 2) Mr. Peerarak Sarintrachai | <ul style="list-style-type: none"> - Mr. Chuwit Jungtanasomboon owns 74.00% of the registered/paid-up capital of N. E. Hemp Company Limited, and holds 27.34% of the Company's paid-up capital as of 31 December 2023. | ✓ | ✗ |
| 5. Mr. Chuwit Jungtanasomboon | Director, authorized signatory, Chief Executive Officer, and shareholder of the Company, holding 27.34% of paid-up capital as of 31 December 2023 | ✓ | ✓ |
| 6. Mr. Churat Jungtanasomboon | Mr. Chuwit Jungtanasomboon's brother and shareholder of the Company, holding 0.003% of paid-up capital as of 31 December 2023 | ✗ | ✗ |
| 7. Mrs. Srikorn Jinadit | Spouse of Mr. Ronachit Jinadit, the Company's Chairperson of the Audit Committee and independent director; Mrs. Srikorn is also the Company's shareholder, holding 0.03% of paid-up capital as of 31 December 2023. | ✓ | ✓ |
| 8. Mr. Jirayut Jungtanasomboon | Mr. Chuwit Jungtanasomboon's son and shareholder of the Company, holding 4.55% of paid-up capital as of 31 December 2023 | ✗ | ✗ |
| 9. Ms. Mathucha Jungtanasomboon | Mr. Chuwit Jungtanasomboon's daughter and shareholder of the Company, holding 1.98% of paid-up capital as of 31 December 2023 | ✗ | ✗ |

| Company/Individual with Potential Conflict | Nature of Relationship | Related Party Transactions (Yes=✓ / No=✗) | |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|------|
| | | 2022 | 2023 |
| 10. Ms. Wilasinee Jungtanasomboon | Mr. Chuwit Jungtanasomboon's daughter and shareholder of the Company, holding 1.63% of paid-up capital as of 31 December 2023 | ✗ | ✗ |
| 11. Mrs. Phanida Jungtanasomboon | Mr. Chuwit Jungtanasomboon's spouse serving as the Executive Director and Vice President in Supply Chain and the Company's shareholder, holding 0.29% of paid-up capital as of 31 December 2023 | ✗ | ✗ |
| 12. Mr. Sakchai Jongstapongpun | The Company's director, authorized director, executive director, and Vice President in Accounting and Finance | ✗ | ✗ |
| 13. Ms. Py Attpisarn | The Company's director, authorized director, executive director, and Vice President in Business Development | ✗ | ✗ |
| 14. Ms. Kesnaree Jongchotsirikul | Executive director and Vice President in Marketing/ Quality Control and the Company's shareholder, holding 0.01% of paid-up capital as of 31 December 2023 | ✗ | ✗ |

9.2.2 Details of related party transactions

The Company has transacted with individuals with potential conflicts of interest. These transactions involve directors, executives, and/or major shareholders, as well as related companies where such conflicted individuals serve in similar capacities. These transactions occurred in the fiscal year ending 31 December 2022 and for the fiscal year ending 31 December 2023. The following table discusses details of these related party transactions.

| Individual with potential conflict | Nature of related party transactions | Value of related party transactions (in THB million) | | Necessity and reasonableness |
|------------------------------------|--------------------------------------|---------------------------------------------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | 2022 | 2023 | |
| 1. N.E. Agritech Company Limited | Vehicle purchases | - | 4.27 | The Company has terminated the lease for five vehicles before the lease expiry and acquired them as the Company's assets at a mutually agreed price, benchmarked against the market price. <u>The Audit Committee's opinion</u> The Audit Committee has reviewed and concluded that the transactions are reasonable because their price can be referenced against comparative market prices, and serve the Company's interests in business operations. |
| | Other payables | | | |
| | - Vehicle rental creditors | 0.19 | - | |
| | Depreciation expenses under lease | 2.52 | 1.15 | |
| | Deferred lease assets-Net | 1.71 | - | |
| | Lease liabilities - Net | 1.85 | - | |

| Individual with potential conflict | Nature of related party transactions | Value of related party transactions (in THB million) | | Necessity and reasonableness |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | 2022 | 2023 | |
| 1. N.E. Agritech Company Limited (Cont'd) | Cost of repairing an agricultural ploughs | | | The <u>Audit Committee's opinion</u> The Audit Committee has reviewed and concluded that the transaction is a related party transaction with standard prices and terms, and the Company has adopted a policy not to do any lease in the future. |
| | - Cost of servicing and repairing agricultural ploughs arising from the Company's purchase of ploughs from N.E. Agritech Company Limited, which need repairs when they malfunction. | 1.21 | 1.27 | |
| | Maintenance costs for equipment and tools | - | 0.05 | The Company uses repair services for vehicle spare parts and tools to maintain these assets in optimal working condition. |
| | Other payables | 0.003 | 0.73 | The <u>Audit Committee's opinion</u> The Audit Committee has reviewed and concluded that using spare parts and vehicle maintenance costs for agricultural ploughs from |

| Individual with potential conflict | Nature of related party transactions | Value of related party transactions (in THB million) | | Necessity and reasonableness |
|------------------------------------|-----------------------------------------------------------|---------------------------------------------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | 2022 | 2023 | |
| | | | | N.E. Agritech Company Limited is necessary and reasonable. The pricing and terms of these services are standard, comparable to others, and serve the Company's business interests. |
| 2. S. K. Petroleum Company Limited | Fuel cost | 25.33 | 22.40 | The Company purchases motor fuel for business travel and operational activities, including the transport of goods and raw materials, and for the use in ploughs and pumps for cultivating Napier grass. The pricing and payment terms are consistent with market rates, comparable to those for third parties. <u>The</u> |
| | Fuel and expressway charges | 0.012 | 0.002 | <u>Audit Committee's opinion</u> |
| | - Car fuel costs for travel and work Other consumables | 0.002 | 0.008 | The Audit Committee has reviewed and concluded that purchasing motor fuel from S.K. Petroleum Company Limited is reasonable, with standard pricing and payment terms comparable to those of other vendors, and is in the Company's business interests. |
| | - Cost of purchasing gasoline for the lawn mower | | | |
| | Other payables | 0.48 | 1.02 | |
| | Outstanding creditors from fuel items | | | |

| Individual with potential conflict | Nature of related party transactions | Value of related party transactions (in THB million) | | Necessity and reasonableness |
|----------------------------------------------------|--------------------------------------|---------------------------------------------------------|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | 2022 | 2023 | |
| 3. Chuwit Farm (2019) Public Company Limited | Vehicle purchases | - | 0.89 | The company purchased one six-wheeled vehicle and two trailers for transporting goods and raw materials, at an agreed price that is comparable with the market rates. <u>The Audit Committee's opinion</u> The Audit Committee has reviewed and concluded that the transactions are reasonable because their price can be referenced against comparative market prices, and serve the Company's interests in business operations. |
| | Depreciation expenses under lease | 0.31 | 0.05 | |
| | Deferred Lease Assets - Net | 0.36 | - | |
| | Lease liabilities - Net | 0.37 | - | |
| | Other payables | 0.03 | - | <u>The Audit Committee's opinion</u> The company leased six-wheeled vehicles and trailers for transporting raw materials and goods, at agreed price that is comparable with the market rates. The Company later purchased these vehicles and the lease terminated on 28 February 2023. |

| Individual with potential conflict | Nature of related party transactions | Value of related party transactions (in THB million) | | Necessity and reasonableness |
|------------------------------------|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | 2022 | 2023 | |
| | | | | |
| | - Outstanding payables from vehicle rental charges | | | The Audit Committee has reviewed and concluded that the transaction with Chuwit Farm (2019) Public Company Limited is reasonable, with standard pricing and payment terms comparable to those of other vendors, and is in the Company's business interests. |
| | Cost of biogas raw materials and transportation | | | |
| | - Cost of purchasing biogas raw materials (chicken manure and sawdust) | 8.61 | 6.25 | |
| | - Cost of transporting chicken manure and sawdust | 0.26 | 0.86 | |
| | Goods and raw materials payables | | | |
| | - Purchase cost of biogas raw materials (chicken manure and sawdust) including transportation costs | 0.56 | - | The Audit Committee's opinion The Audit Committee has reviewed and concluded that the transaction is reasonable, with standard pricing and payment terms comparable to those of other vendors, and is in the Company's business interests. |

| Individual with potential conflict | Nature of related party transactions | Value of related party transactions (in THB million) | | Necessity and reasonableness |
|---------------------------------------|---------------------------------------------------|------------------------------------------------------|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | 2022 | 2023 | |
| 4. Company N. E. Hemp Company Limited | Other income - Income from accounting services | 0.085 | - | The Company provides accounting services at a monthly fee of THB 5,000 for June-December 2021 and January-October 2022, in line with the contractual agreement and compared to market prices. However, the Company has a policy to discontinue the service. <u>The Audit Committee's opinion</u> The Audit Committee has reviewed and concluded that the Company has received payment of the standard fees for the service. However, the Company has a policy to discontinue the service. |
| 5. Mr. Chuwit Jungtanasomboon | Vehicle purchases | - | 2.85 | On 31 July 2023, the Company terminated the lease for two vehicles before the lease expiry and acquired them as the Company's assets at an agreed price comparable with the market rates. |

| Individual with potential conflict | Nature of related party transactions | Value of related party transactions (in THB million) | | Necessity and reasonableness |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | 2022 | 2023 | |
| 5. Mr. Chuwit Jungtanasomboon (Cont'd) | Depreciation expenses under lease -The Company has leased three plots of land in Buriram Province from Mr. Chuwit Jungtanasomboon for cultivating Napier grass as part of its biogas production project. The lease term is nine years, from 1 January 2017 to 31 December 2025. | 0.51 | 0.49 | <u>The Audit Committee's opinion</u> The Audit Committee has reviewed and concluded that the transactions are reasonable because their price can be referenced against comparative market prices, and serve the Company's interests in business operations. |
| | Deferred Lease Assets - Net | 1.33 | 0.92 | The Company is implementing a project to cultivate energy crops for use as raw material in the biogas project, necessitating land for growing Napier grass. Therefore, the Company leased three plots of land from Mr. Chuwit Jungtanasomboon, measuring 60 Rai, 160 Rai, and 181 Rai, respectively. The rental rates are based on market prices in the surrounding area. |
| | Lease liabilities - Net | 1.27 | 0.86 | <u>The Audit Committee's opinion</u> |
| | Cost of biogas consumables - Cost of biogas raw materials (cow dung) | 1.54 | - | The Audit Committee has reviewed and concluded that the transactions are reasonable because their price can be referenced against comparative market prices of third parties in the surrounding area, and serve the Company's interests in business operations. |
| | | | | |

| Individual with potential conflict | Nature of related party transactions | Value of related party transactions (in THB million) | | Necessity and reasonableness |
|------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | 2022 | 2023 | |
| | Revenues from sales of finished rubber products | | | As the Company is implementing a biogas production project, the Company needs to procure raw materials for use as components in the biogas fermentation process from Mr. Chuwit's cattle farm. The agreed price is comparable with the market rate. <u>The Audit Committee's opinion</u> |
| | - Revenue from the sale of finished rubber sheets (Cow sleeping pad) | 1.61 | 1.25 | |
| | Revenue from the sale of agricultural produce | | | The Company sold finished rubber sheets to Mr. Chuwit's cattle farm at the market price used in sales to third parties, with payment terms identical to those for regular customers. <u>The Audit Committee's opinion</u> |
| | - Revenue from the sale of chopped Napier grass | 2.26 | 3.27 | |
| | Other receivables | | | The Audit Committee has reviewed and concluded that the transaction is reasonable, with standard pricing and payment |
| | - Receivables from the sale of chopped Napier grass | 0.23 | 1.05 | |

| Individual with potential conflict | Nature of related party transactions | Value of related party transactions (in THB million) | | Necessity and reasonableness |
|-------------------------------------------|-------------------------------------------|---------------------------------------------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | 2022 | 2023 | |
| 5. Mr. Chuwit Jungtanasomboon (Cont'd) | - Price of cow sleeping pad - cattle farm | - | 0.48 | terms comparable to those of other customers, and is in the Company's business interests. |
| | Other payables | | | |
| | Outstanding payables from vehicle rentals | - | - | The Company sold Napier grass to Mr. Chuwit's cattle farm at the market price for sales to third parties. |
| | Depreciation expenses under lease | 0.81 | 0.46 | <u>The Audit Committee's opinion</u> The Audit Committee has reviewed and concluded that the transactions are reasonable because their price can be |
| | Deferred lease assets - Net | 0.61 | - | referenced against comparative market prices, and serve the Company's interests in business operations. |
| | Lease liabilities - Net | 0.65 | - | |
| | Other income | | | |
| | -Revenue from the sale of tractors | - | 0.41 | The Company rented vehicles for the transportation of executives and employees at an agreed price, which is comparable with the market price. |
| | -Tractor rental fee (Apr. - Jun 2023) | - | 0.11 | |

| Individual with potential conflict | Nature of related party transactions | Value of related party transactions (in THB million) | | Necessity and reasonableness |
|------------------------------------|--------------------------------------|---------------------------------------------------------|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | 2022 | 2023 | |
| | | | | <p><u>The Audit Committee's opinion</u></p> <p>The Audit Committee has reviewed and concluded that the transactions are reasonable because their price can be referenced against comparative market prices, and serve the Company's interests in business operations.</p> |
| | | | | <p>The Company sold tractors to Phanomrung Beef Farm at an agreed price comparable with the market price. These tractors were originally rented out by the Company.</p> |
| | | | | <p><u>The Audit Committee's opinion</u></p> <p>The Audit Committee has reviewed and concluded that the transactions are reasonable because their price can be referenced against comparative market prices, and serve the Company's interests in business operations.</p> |

| Individual with potential conflict | Nature of related party transactions | Value of related party transactions (in THB million) | | Necessity and reasonableness |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | 2022 | 2023 | |
| | Revenue from executive house rentals - revenue from the rental of land with buildings for use as the residence of the chief executive officer | 0.27 | 0.27 | <p>The Company leases land and buildings to the Chief Executive Officer for residential purposes. The leased property comprises a three-story house located at No. 398, Moo 4, Khokma Sub-district, Prakonchai District, Buriram Province 31140 and is located within the factory premises owned by the Company. The rental rate is THB 22,500 each month and the lease term is three years. The rental rate is based on the appraised value of the property by an appraiser listed in the capital market valuation companies and approved by the Securities and Exchange Commission.</p> <p><u>The Audit Committee's opinion</u></p> <p>The Audit Committee has reviewed and concluded that the transaction is necessary and reasonable because the rental rates are comparable with the market rates, prepared by an appraiser listed in the capital market valuation companies and approved by the Securities and Exchange Commission.</p> |

| Individual with potential conflict | Nature of related party transactions | Value of related party transactions (in THB million) | | Necessity and reasonableness |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | 2022 | 2023 | |
| 6. Mrs. Srikorn Jinadit | Purchase of debentures: | | | |
| | The Company issued its first tranche of debentures, tranche No. 1/2022, with a 5-year tenure and an annual interest rate of 5.65%, totaling THB 1,161.50 million. The debentures were offered to institutional investors and/or major shareholders. | 3.0 | 3.0 | The Company issued its first tranche of debentures, tranche No. 1/2022, with a 5-year tenure and an annual interest rate of 5.65%, totaling THB 1,161.50 million. The debentures were offered to institutional investors and/or major shareholders. |
| | Mrs. Srikorn is a major investor by definition of the Office of the SEC. She purchased THB 3.00 million worth of the Company's debentures at price and interest rates and on terms that are similar to those applicable to other general investors. | 0.05 | 0.17 | Mrs. Srikorn is a major investor by definition of the Office of the SEC. She purchased THB 3.00 million worth of the Company's debentures at price and interest rates and on terms that are similar to those applicable to other general investors. |
| | - Interest on debentures - Interest on outstanding debentures | 0.01 | 0.04 | <u>The Audit Committee's opinion</u> The Audit Committee has reviewed and concluded that the transaction is reasonable because it uses the market price and is conducted on terms that are similar to those applicable to other general investors. |

Investors can review the information on related party transactions, details of financial statements, and accompanying notes under the accounting entries section involving related individuals and companies.

9.2.3. The Audit Committee's Opinion

The Company's Audit Committee has reviewed and opined on transactions between the Company and other companies or individuals who may have, currently have, or could have future conflicts of interest, in accordance with the Securities and Exchange Commission's notifications. The Audit Committee meeting has concluded that these related party transactions are reasonable and have fair commercial terms applicable to other non-related individuals or businesses. There were no transfers of benefits between the Company and related parties.

9.2.4 Measures and approval process for related party transactions

The Company's management may conduct a transaction between the Company and its related person, person with potential conflicts of interest, interested parties by complying with the general principles approved by the Company's Board of Directors if the transaction has the same commercial terms as those used by an ordinary person under similar circumstances based on commercial negotiation, without any influence due to the position of director, executive, or related person. The terms used in this transaction must be normal commercial terms or market price as well as reasonable and justifiable terms and conditions, without any transfer of benefits. The management must report all arm's length transactions to the Audit Committee quarterly.

For transactions between the Company and related parties that do not involve standard commercial terms, the Company must seek the Audit Committee's opinion on their necessity and suitability. If the Audit Committee lacks the expertise to assess potential related party transactions, the Company will engage independent appraisers, specialized experts, or auditors to advise on these related party transactions. This advice will assist the Audit Committee in its decision-making process and in offering recommendations to the Board of Directors or shareholders, as appropriate, for approval before proceeding with the transactions. The approval process for these related party transactions must comply with the Securities and Exchange Act, as well as rules, regulations, notifications, orders, or requirements of the Stock Exchange of Thailand. Individuals who might have a conflict of interest or who have interest in the transaction are not entitled to vote on these transactions.



9.2.5 Policies or prospects for future related party transactions

If the company requires to transact with individuals with potential conflict of interest in the future, it will establish terms reflecting normal business practices and market prices. These will be comparable with conditions or prices for similar dealings with unrelated third parties. The Company will task the Audit Committee with reviewing the prices and remuneration rates, and with assessing the necessity and appropriateness of these related party transactions. If the Audit Committee lacks the expertise to assess potential related party transactions, the Company will engage independent appraisers, specialized experts, or auditors to advise on these related party transactions. This advice will assist the Audit Committee in its decision-making process and in offering recommendations to the Board of Directors or shareholders, as appropriate, for approval. The Company will disclose related party transactions in the notes to the financial statements audited by its auditors and in the Annual Information/Annual Report (Form 56-1 One Report), to comply with the Securities and Exchange Act, as well as rules, regulations, notifications or requirements of the Stock Exchange of Thailand.

For any future related party transactions, directors must adhere to the guidelines set by the Office of the Securities and Exchange Commission. Directors must not approve any transaction in which they or any potentially conflicted party are involved, and must disclose these transactions to the Board of Directors for review. The Company must adhere to the Securities and Exchange Act, and to regulations, notifications, orders, or requirements of the Stock Exchange of Thailand, and ensure strict compliance with the rules on disclosing related party transactions and the acquisition or disposal of the Company's assets, according to accounting standards set by the Thai Accountant Association. Also, the Company must not engage in related party transactions that fall outside its normal business operations.

9.2.6 Investor Protection Measures

As a protection measure for investors, if the Company undertakes any related party transaction with a potential conflict of interest, or with any party who has an interest in or will have future conflicts in the transaction, the Company will present the transaction at both the Audit Committee and Board of Directors' meetings at which members of the Audit Committee will attend. This excludes transactions under general commercial terms already approved by the Board of Directors, allowing management to proceed with the transaction based on the Board of Directors' authorization. To ensure fairness in related party transactions and uphold appropriate pricing policies, the Board of Directors must adhere to the Securities and Exchange Act, and to regulations and notifications of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. This includes strict compliance with rules concerning the disclosure of related party transactions and the acquisition or disposal of the Company's material assets.

The Company also discloses information about its related party transactions in notes to the audited financial statements.





Part 3

Financial Statements

NORTH EAST RUBBER PUBLIC COMPANY LIMITED

REPORT ON THE BOARD OF DIRECTORS' RESPONSIBILITY TOWARDS THE FINANCIAL REPORT

The Company's Board of Directors is responsible towards the separate and consolidated financial statements of North East Rubber Public Company Limited, including the financial information that appears in the 2023 annual data form/annual report (Form 56-1 One Report). The aforesaid financial statements for the fiscal year ending on 31 December 2023, has been prepared according to general accounting standards, using the appropriate accounting policies that is practiced regularly. This includes using careful judgement and reasonable estimates in preparing the financial statements, as well as adequately disclosing important information in the notes, to show the financial status, operating results and financial flows in a way that is accurate, transparent and beneficial towards shareholders and general investors. The aforesaid financial statements have been verified by a certified auditor from M.R. & Associates Company Limited. In the verification of the Company's financial statements, the Company has provided information and various documents to help the auditor examine and express his opinions according to auditing standards.

The Company's Board of Directors realize the duties and responsibilities in efficiently making the financial report, therefore they have established and maintained a risk management system, internal control system for both operational and related information systems, internal auditing, and appropriate and effective supervision. These are to give confidence that the Company's financial information are correct and complete, and is sufficient for maintaining the Company's assets and protect against risk, as well as to prevent corruption and significantly abnormal operations. In all, the Board of Directors has appointed the Auditing Committee to help verify the reliability and correctness of the financial statements, the internal control system, internal audit and risk management system, as well as considering the disclosure of related reports in a complete and appropriate manner. The opinions of the Audit Committee appears in the Audit Committee's report, which is shown in the Company's annual report, resulting from the supervision and practice mentioned above. The Board of Directors views that overall, the Company's internal control system is sufficient, appropriate and can create confidence that the separate financial statements, for fiscal year ending on 31 December 2023, is correct and reliable, adhering to generally accepted accounting standards and complying with relevant laws and regulations.

Mr. Chanitr Charnchainarong
Chairman of the Board of Directors



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Financial Statements

For the Year Ended December 31, 2023

and Report of Certified Public Accountant

M.R. & ASSOCIATES CO., LTD.

Certified Public Accountants



To the Shareholders and the Board of Directors of North East Rubber Public Company Limited

Opinion

I have audited the financial statements of North East Rubber Public Company Limited (“the Company”), which comprise the statement of financial position as at December 31, 2023, and the statement of comprehensive income, the statement of changes in shareholders’ equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of North East Rubber Public Company Limited as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (“the Code of Ethics for Professional Accountants”) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



Accuracy, Completeness and Proper Cutoff of Revenue from Sales of Goods

Risk Description

Revenue from sales of goods is the increase in economic benefits in form of inflows or enhancements of assets triggered by the Company's performance obligation on transfers of control in goods to the customers that is attributable to the Company's core business activities. Revenue from sales is directly significant to the Company's financial performance and its amount is material to the financial statements. In addition, the Company's sales of goods in each year comprise voluminous number of entries. Accordingly, the assurance is required to ensure that the Company's sales were accounted for with accuracy, completeness and proper cutoff.

Significant accounting policies and other information relating to revenue from sales of goods were disclosed in Notes 3, 12, 21, and 24 to the financial statements.

Responses to the Risk

I have performed the following key audit procedures as responses to the identified and assessed significant risk in order that such risk shall be managed to the appropriate and acceptable level and enable financial statements to be free from material misstatement:

- Read, inquire and gather understanding in the Company's revenue streams and revenue recognition policies on the Company's sales of goods.
- Test and assess efficiency, effectiveness and reliability of the design and operations of internal controls relating to revenue streams.
- Perform analytical reviews of information relating to sales of goods.
- Perform substantive test on sales of goods e.g. vouching of supporting documents for sales of goods, reconciliation of records between accounting and tax reporting, cutoff test both before and after yearend on sales of goods whether they were recorded in the proper period.

Other Information

Management is responsible for the other information. The other information comprises the information included in Form 56-1 One Report / Annual Report but does not include the financial statements as well as my auditor's report thereon. The aforesaid other information is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the aforesaid other information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order that they shall acknowledge and arrange the correction on such misstatement as appropriate.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, the matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,



they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Mr. Akadet Pliensakul)
Certified Public Accountant
Registration No. 5389

M.R. & ASSOCIATES CO., LTD.
Bangkok
February 27, 2024



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023 AND 2022

ASSETS

| | | In Baht | |
|----------------------------------------------------|--------------|-----------------------|-----------------------|
| | Note | 2023 | 2022 |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 61,184,924 | 1,395,823,341 |
| Trade and other receivables | | | |
| - Related parties | 4, 5 | 2,082,850 | 229,219 |
| - Other parties | 5 | 688,205,587 | 989,986,786 |
| Inventories | 6, 11 | 13,842,279,288 | 11,821,786,010 |
| Biological assets | 7 | 647,515 | 270,367 |
| Other current financial assets | | 32,475,743 | 24,210,462 |
| Total Current Assets | | 14,626,875,907 | 14,232,306,185 |
| NON-CURRENT ASSETS | | | |
| Restricted deposits at banks | 11, 15, 27 | 424,117,621 | 355,204,932 |
| Property, plant and equipment - net | 4, 8, 11, 15 | 1,764,155,445 | 1,688,576,422 |
| Right-of-use assets - net | 4, 9, 13 | 13,878,702 | 19,931,898 |
| Intangible assets - net | 10 | 2,939,059 | 2,947,435 |
| Deferred tax assets | 21 | 1,460,588 | 2,473,625 |
| Other non-current assets - Deposits and guarantees | | 5,687,565 | 5,099,979 |
| Total Non-Current Assets | | 2,212,238,980 | 2,074,234,291 |
| TOTAL ASSETS | | 16,839,114,887 | 16,306,540,476 |

The accompanying notes are an integral part of these financial statements.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023 AND 2022

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | In Baht | |
|------------------------------------------------------------------------------------|-------|----------------|----------------|
| | Note | 2023 | 2022 |
| CURRENT LIABILITIES | | | |
| Short-term borrowings from financial institutions | 11 | 3,860,300,000 | 2,694,670,000 |
| Trade and other payables | | | |
| - Related parties | 4 | 1,796,473 | 1,279,281 |
| - Other parties | 12 | 212,025,290 | 281,771,737 |
| Current portion of long-term borrowings from financial institutions | 15 | 149,435,744 | 154,566,789 |
| Current portion of lease liabilities | 4, 13 | 5,309,730 | 8,319,021 |
| Current portion of debentures | 14 | - | 1,300,000,000 |
| Income tax payable | | 40,258,565 | 35,751,022 |
| Other current financial liabilities | | 11,481,732 | 28,792,861 |
| Total Current Liabilities | | 4,280,607,534 | 4,505,150,711 |
| NON-CURRENT LIABILITIES | | | |
| Long-term borrowings from financial institutions - net | 15 | 280,067,232 | 418,241,267 |
| Lease liabilities - net | 4, 13 | 7,293,019 | 10,593,970 |
| Debentures - net | 4, 14 | 4,779,234,814 | 4,764,615,123 |
| Deferred tax liabilities | 21 | 4,153,948 | 3,293,032 |
| Liability for post-employment benefits | 16 | 19,162,793 | 16,813,350 |
| Total Non-Current Liabilities | | 5,089,911,806 | 5,213,556,742 |
| Total Liabilities | | 9,370,519,340 | 9,718,707,453 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital - common shares, Baht 0.50 par value | | | |
| Authorized share capital - 2,009,467,890 shares, Baht 0.50 par value | 17 | 1,004,733,945 | 1,004,733,945 |
| Issued and fully paid-up share capital - 1,847,789,748 shares, Baht 0.50 par value | 17 | 923,894,874 | 923,894,874 |
| Premium on shares | 17 | 1,571,731,024 | 1,571,731,024 |
| Retained earnings | | | |
| - Appropriated for legal reserve | 19 | 100,473,395 | 100,473,395 |
| - Unappropriated | | 4,872,496,254 | 3,991,733,730 |
| Total Shareholders' Equity | | 7,468,595,547 | 6,587,833,023 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 16,839,114,887 | 16,306,540,476 |

The accompanying notes are an integral part of these financial statements.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | | In Baht | |
|----------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------|-----------------------|
| | Note | 2023 | 2022 |
| REVENUES | | | |
| Sales | 4, 12, 21, 24 | 25,045,169,928 | 25,172,062,332 |
| Gain on valuation of fair value of derivatives | | 8,607,352 | 5,528,523 |
| Other income | 4, 5 | 11,934,448 | 30,643,703 |
| Total Revenues | | 25,065,711,728 | 25,208,234,558 |
| EXPENSES | | | |
| Cost of sales | 4, 22 | 22,231,932,469 | 22,116,163,589 |
| Distribution costs | | 566,385,310 | 601,459,961 |
| Administrative expenses | 4, 10, 22 | 152,155,450 | 164,331,164 |
| Loss on exchange rate | | 45,418,563 | 103,364,398 |
| Total Expenses | | 22,995,891,792 | 22,985,319,112 |
| Profit from Operating Activities | | 2,069,819,936 | 2,222,915,446 |
| Finance Costs | 4, 13 | 439,829,023 | 421,069,830 |
| PROFIT BEFORE INCOME TAX EXPENSE | | 1,629,990,913 | 1,801,845,616 |
| Income Tax Expense | 21 | 84,389,384 | 53,846,122 |
| PROFIT FOR THE YEAR | 21 | 1,545,601,529 | 1,747,999,494 |
| Other Comprehensive Income for the Year | | | |
| <i>Item that will not be reclassified subsequently to profit or loss</i> | | | |
| - Actuarial loss on remeasurement of liability for post-employment benefits (net of income tax effect of Baht 91,326 in 2023) | 16, 21 | 365,304 | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 1,545,966,833 | 1,747,999,494 |
| Basic Earnings per Share | 18 | 0.836 | 0.964 |
| Diluted Earnings per Share | 18 | 0.836 | 0.950 |

The accompanying notes are an integral part of these financial statements.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | Note | In Baht | | | | |
|-----------------------------------------------------------------------|------|------------------------------------------------------|--------------------------|--------------------------|----------------|-----------------------------------|
| | | Issued and Fully Paid-up Share Capital | Premium on Shares | Retained Earnings | | Total Shareholders' Equity |
| | | | | Appropriated | | |
| | | | | for Legal Reserve | Unappropriated | |
| | | | | | | |
| Beginning Balance as at January 1, 2022 | | 880,317,528 | 1,458,429,924 | 100,473,395 | 3,006,908,139 | 5,446,128,986 |
| Proceeds from the exercised warrants on the increase in share capital | | 43,577,346 | 113,301,100 | - | - | 156,878,446 |
| Dividends paid | 23 | - | - | - | (763,173,903) | (763,173,903) |
| Total comprehensive income for the year | | - | - | - | 1,747,999,494 | 1,747,999,494 |
| Ending Balance as at December 31, 2022 | | 923,894,874 | 1,571,731,024 | 100,473,395 | 3,991,733,730 | 6,587,833,023 |
| Dividends paid | 23 | - | - | - | (665,204,309) | (665,204,309) |
| Total comprehensive income for the year | | - | - | - | 1,545,966,833 | 1,545,966,833 |
| Ending Balance as at December 31, 2023 | | 923,894,874 | 1,571,731,024 | 100,473,395 | 4,872,496,254 | 7,468,595,547 |

The accompanying notes are an integral part of these financial statements.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | In Baht | |
|-------------------------------------------------------------------------|----------------------|----------------------|
| | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the year | 1,545,601,529 | 1,747,999,494 |
| <i>Adjustments</i> | | |
| Income tax expense | 84,389,384 | 53,846,122 |
| Depreciation and amortization | 198,772,901 | 183,859,460 |
| Expenses on post-employment benefits | 2,806,073 | 2,155,281 |
| Unrealized loss on exchange rate | 5,373,593 | 3,630,853 |
| Increase (decrease) in allowance for diminution in value of inventories | (9,771,268) | 9,771,268 |
| Gain on valuation of biological assets | (5,549,123) | (7,136,726) |
| Gain on sales of equipment | (2,139,240) | - |
| Unrealized gain on valuation of fair value of derivatives | (13,210,743) | (4,603,392) |
| Loss on written-off assets | 995,720 | 333,998 |
| Loss (reversal of loss) on purchase commitment of inventories | (16,968,433) | 16,968,433 |
| Gain on cancellation of leases | (57,006) | - |
| Interest income | (3,502,708) | (24,220,541) |
| Interest expense | 439,773,475 | 418,304,011 |
| <i>Decrease (increase) in operating assets</i> | | |
| Trade and other receivables | 272,797,181 | (166,809,475) |
| Inventories | (2,005,550,035) | (757,072,408) |
| Proceeds from value-added tax receivable | 24,063,299 | - |
| Other current financial assets | (19,117,837) | (10,716,200) |
| Other non-current assets | (13,658,151) | (64,480) |
| <i>Increase (decrease) in operating liabilities</i> | | |
| Trade and other payables | (61,742,218) | (180,716,865) |
| Other current financial liabilities | (342,696) | 4,875,768 |
| Liability for post-employment benefits | - | (69,000) |
| Net cash flows provided by operations | 422,963,697 | 1,290,335,601 |
| Interest received | 22,347,117 | - |
| Income tax paid | (78,099,214) | (31,986,136) |
| Net Cash Flows Provided by Operating Activities | 367,211,600 | 1,258,349,465 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Increase in restricted deposits at banks | (68,912,689) | (97,781,446) |
| Additions to plant and equipment | (245,818,498) | (331,467,078) |
| Additions to intangible assets | (594,062) | (2,785,812) |
| Proceeds from sales of equipment | 3,663,551 | - |
| Interest received | 2,908,159 | 1,709,063 |
| Net Cash Flows Used in Investing Activities | (308,753,539) | (430,325,273) |



NORTH EAST RUBBER PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | In Baht | |
|---------------------------------------------------------------------------------------------------------------------------|------------------------|----------------------|
| | 2023 | 2022 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase (decrease) in short-term borrowings from financial institutions | 1,165,630,000 | (1,152,859,331) |
| Increase in long-term borrowing from financial institutions | - | 210,000,000 |
| Repayment of long-term borrowings from financial institutions | (143,305,080) | (107,057,428) |
| Payments of lease liabilities | (7,198,789) | (8,509,650) |
| Issuance of debentures | - | 2,814,300,000 |
| Redemption of debentures | (1,300,000,000) | (700,000,000) |
| Debenture issuance costs | - | (26,157,703) |
| Dividends paid | (665,202,653) | (763,169,573) |
| Interest paid | (443,019,956) | (395,672,473) |
| Proceeds from increase in share capital | - | 156,878,446 |
| Net Cash Flows Provided by (Used in) Financing Activities | (1,393,096,478) | 27,752,288 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (1,334,638,417) | 855,776,480 |
| Cash and Cash Equivalents at Beginning of Year | 1,395,823,341 | 540,046,861 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 61,184,924 | 1,395,823,341 |
| Supplementary disclosures of cash flow information: | | |
| a. Cash and cash equivalents at end of year: | | |
| Cash in hand | 35,000 | 35,000 |
| Current accounts at banks | 8,672,038 | 297,753,155 |
| Savings deposits at banks | 52,477,886 | 1,098,035,186 |
| Total | 61,184,924 | 1,395,823,341 |
| b. Non-cash transactions: | | |
| Increase (decrease) in payables on purchase of fixed assets (other payables) | (1,191,969) | 2,677,619 |
| Interest on loans capitalized as cost of fixed assets | 9,189,736 | 2,928,493 |
| Transfer of biological assets to inventories | 5,171,975 | 7,023,733 |
| Dividends payable | 1,656 | 4,330 |
| Transfer of deposits and guarantees to fixed assets | 12,326,443 | 6,157,163 |
| Increase in right-of-use assets and lease liabilities from the new leases | - | 5,298,560 |
| Decrease in right-of-use assets and lease liabilities from cancellation of leases and re-measurement of lease liabilities | 1,481,971 | 1,184,261 |

The accompanying notes are an integral part of these financial statements.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements

December 31, 2023 and 2022

1. GENERAL

North East Rubber Public Company Limited (“the Company”) (juristic entity number 0107561000242) has been listed in the Stock Exchange of Thailand since November 7, 2018. The Company is engaged in manufacturing and sales of rubber smoked sheets, skim block rubbers and other rubber products for both domestic and international markets and its registered office addresses are as follows:

- Head office is located at 398 Moo 4 Khok Ma, Prakhon Chai, Buri Ram.
- Branch office (1) is located at 388 Moo 4 Khok Ma, Prakhon Chai, Buri Ram.
- Branch office (2) is located at 388/1 Moo 4 Khok Ma, Prakhon Chai, Buri Ram.
- Branch office (3) is located at 158 Moo 3 Tako Taphi, Prakhon Chai, Buri Ram.
- Branch office (4) is located at 589/156 Condo Tower 1 Office Tower 29th Floor, Debaratna Rd., Bangna Nuea, Bangna, Bangkok.
- Branch office (5) is located at 254 Moo 4 Khok Ma, Prakhon Chai, Buri Ram.

As at December 31, 2023, the Company’s major shareholders, with the portion totalling approximately 36.35%, were four individuals in the Jungtanasomboon family.

2. BASIS FOR THE FINANCIAL STATEMENT PREPARATION

The accompanying financial statements are prepared in Thai Baht, which are the core functional currency, and in the Thai language in accordance with the financial reporting standards in Thailand including interpretations and guidelines promulgated by the Federation of Accounting Professions (“TFAC”), applicable rules and regulations of the Securities and Exchange Commission as well as announcement of the Department of Business Development. Accordingly, the accompanying financial statements are intended solely to present the financial position, financial performance, and cash flows in accordance with the financial reporting standards in Thailand.

Except as otherwise disclosed in the significant accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

Starting from January 1, 2023, the Company has adopted the Conceptual Framework for Financial Reporting, Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) as well as Thai Accounting Interpretation (TSIC), Thai Financial Reporting Interpretation (TFRIC) and accounting guidance that were revised, in overall, for the Thai financial reporting standards to be more explicit and appropriate whereby this revision became effective for the accounting period starting on or after January 1, 2023. Notwithstanding,



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

there is a significant change relating to recognition in TAS 16 “Property, Plant and Equipment” that proceeds before intended use of property, plant and equipment shall be recognized as revenue together with related cost in profit or loss while such items were previously regulated to be recognized as deduction to cost of property, plant and equipment. The aforesaid adoption of revised TAS / TFRS / TSIC / TFRIC and accounting guidance did not have any material effect to the financial statements of the Company.

In addition, TFAC revised several TAS, TFRS and accounting guidance which become effective for the accounting period starting on or after January 1, 2024 and also issued the new TFRS 17 “Insurance Contracts” to supersede TFRS 4 that will become effective for the accounting period starting on or after January 1, 2025. This revision, in overall, is done for more explicit and appropriate in word and substance as well as for alignment with the new TFRS 17. The Company has not yet adopted the aforesaid revised or new TAS, TFRS and accounting guidance in preparation of the accompanying financial statements and has no policy to early adopt before effective periods. In overall, management has preliminarily assessed and believed that there is no material effect to the financial statements of the Company upon adoption. Notwithstanding, certain revised TAS and TFRS feature significant changes as follow:

TAS 1 (Presentation of Financial Statements), TFRS 7 (Financial Instruments: Disclosures), and TAS 34 (Interim Financial Reporting) from change relating to disclosures on accounting policies

In this part there are changes in provisions from previously disclosing significant accounting policies to disclosing material accounting policies instead. In addition, the new provisions also give guideline for practical use on the definition of being material to influence decisions for the disclosed information. Thus, the effect to the financial statements is disclosures on accounting policies and other matters in the notes to financial statements (both annual and interim), from 2024 and onwards, will be fewer and more concise.

The Company disclosed information for the year ended December 31, 2022 for being the comparative information in the financial statements for the year ended December 31, 2023 in form of corresponding figures.

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements that are issued for domestic financial reporting purposes.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

In order to prepare financial statements in conformity with the Thai financial reporting standards, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The significant estimates and underlying assumptions used in preparation of these financial statements which may be affected by significant uncertainty are as follows:

- Net realizable value of inventories
- Useful lives and residual values of plant and equipment, right-of-use assets and intangible assets
- Consideration on cancellation or renewal option of leases and discount rates of lease liabilities
- Expected amount and periods that deferred tax assets will be utilized
- Assumptions and parameters used in calculation of liability for post-employment benefits
- Assessment of and estimates for the fair values of financial assets and financial liabilities.

Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost that include cash on hand and cash at financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturity of three months or less and without restriction of use or being collateral and that are subject to a low or an insignificant risk of change in value.

Restricted deposits at banks were presented as a separate item under non-current assets in the statements of financial position.

NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

Trade / Other Receivables and Allowance for Impairment for Expected Credit Loss

Trade and other receivables are carried at original invoice amount or at the accrued amount net of expected credit loss (if any).

The Company provides allowance for impairment for expected credit loss in accordance with the policies discussed in the section of financial instruments.

Inventories

Inventories are valued at the lower of cost net of allowance for diminution in value and net realizable value. Cost is calculated and determined using the weighted average method.

Costs of inventories comprise the purchase cost, conversion costs, and other costs incurred in bringing the inventories to their present location and condition. In case of own-manufactured inventories and work in process, costs of inventories include the appropriate allocation of production overheads which is based on the normal capacity of production facilities.

Net realizable value is the estimate of the selling price in the ordinary course of business less necessary costs to sell.

Biological Assets

Biological assets (Napier grass in plots that are used as raw materials for the biogas project that generates renewable energy used in the factories), including agricultural produce at the point of harvest from biological assets (if any), are measured at their fair values less costs to sell. Fair value is the market price which is the Level 1 input of the fair value hierarchy.

Property, Plant and Equipment

Land is stated at cost less allowance for impairment (if any). Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). When assets are retired or disposed of, their carrying amounts are eliminated from the accounts and any gain or loss resulting from their retirement or disposal is included in the statement of comprehensive income. Costs of testing run the production or utilization of assets at normal level and costs of asset dismantlement, removal, and restoration (if any) are included as part of asset cost and subject to depreciation.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

Depreciation is charged to the statement of comprehensive income on a straight-line method over the useful lives of each part of an item separately for each significant part of the assets. Depreciation methods, residual values, and useful lives are reviewed at each financial year-end, at least, and adjusted if appropriate. In determining the depreciable amount, residual value of particular asset is measured at amount estimated receivable currently for the asset if the asset is already of the age and in the condition expected at the end of its useful life. The useful lives of the assets are as follows:

| | No. of Years |
|------------------------------------------|--------------|
| Land improvements | 5 - 20 |
| Buildings and building improvements | 5 - 20 |
| Machinery and equipment | 5 - 10 |
| Plots of Napier grass | 10 |
| Furniture, fixtures and office equipment | 5 |
| Vehicles | 5 |

No depreciation has been charged for land and assets under construction or installation.

Government grants related to assets are government grants whose primary condition is that the Company qualifying for them should purchase, construct or otherwise acquire fixed assets. Subsidiary conditions may also be attached restricting the type or location of the fixed assets or the periods which they are to be acquired or held. A government grant is recognized only when there is reasonable assurance that the Company will comply with the conditions attaching to the grant and the grant will be received. Government grant related to assets in the statements of financial position was recorded as a deduction from cost of the related fixed assets.

Right-of-use Assets

The Company measures right-of-use assets at cost less accumulated depreciation and allowance for impairment (if any) with adjustment pertaining to re-measurement of lease liabilities (if any).

At the commencement date, cost of the right-of-use assets comprised (1) the amount of initial measurement of lease liability, (2) lease payments made at or before the commencement date, less any lease incentives received, (3) initial direct costs incurred by the lessee (if any) and (4) an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (if any and being material).



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

Depreciation is charged as expense in profit or loss and calculated by the straight-line method attributable to the related lease terms as follows:

| | No. of Years |
|------------------------|--------------|
| Land for cultivation | 5-10 |
| Office space | 4 |
| Vehicles and equipment | 3-5 |

Intangible Assets

Intangible assets are computer programs that are stated at cost net of accumulated amortization and allowance for impairment (if any). Amortization is made on a straight-line method over the useful lives of the assets of 3 years.

Impairment of Non-Financial Assets

The carrying amounts of the assets of the Company are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of asset's fair value less costs to sell or value in use) shall be estimated. The review is made for individual assets or for the cash-generating unit.

In case that the carrying amount of an asset exceeds its recoverable amount, the Company recognizes the impairment losses by reducing the carrying amount of the asset to its recoverable amount and by recording the devaluation in the statement of comprehensive income. The reversal of the recognized impairment losses is recorded as part of other income when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased. The reversal of the impairment losses shall not exceed the carrying amount of the asset, net of depreciation or amortization, that would have been determined had no impairment losses been recognized for the asset in prior years.

Trade and Other Payables

Trade and other payables are stated at cost.



Lease Liabilities

At the commencement date, the Company measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company's incremental borrowing rates (average interest rates on borrowings with similar term and characteristics to the underlying asset) shall be used. The lease payments that are not paid comprised (1) fixed payments (less any lease incentives receivable), (2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (if any), (3) amounts expected to be payable under residual value guarantees (if any), (4) exercise price of a purchase option if it is reasonably certain to exercise that option (if any) and (5) payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease (if any).

After the commencement date, the Company measures the lease liability by (1) increasing the carrying amount to reflect interest on the lease liability (if any), (2) reducing the carrying amount to reflect the lease payments made (if any) and (3) re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments (if any). Interest on lease liability and variable lease payments not included in the measurement of the lease liability is charged as expense in profit or loss.

The estimated discount rates that are used on the lease liabilities for land for cultivation, office space, vehicles and equipments are 4.05-5.00%, 4.05%, 4.05-4.59% p.a., respectively.

Lease fees attributable to short-term lease (not exceeding 12 months from commencement date) and lease of low-value asset (based on physical characteristics of the asset) are charged as expense in profit or loss on the straight-line method over the related lease terms whereby the amount of these leases is immaterial.

Deferred interest, presented as deduction to lease liability, is amortized as finance cost over the lease term by the effective interest rate method. Each installment payment under the lease liability is separated into parts of principal and interest.

NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

Employment Benefits

Short-term benefits

Salaries, wages, bonuses and contributions to social security fund are recognized as an expense upon their occurrences and on an accrual basis.

Post-employment benefits

Obligations on defined contribution plan which is the provident fund are recognized as an expense in the statement of comprehensive income when contribution to the fund on an accrual basis.

Obligations on post-employment benefits which are defined benefit plan that will be settled to the employees upon retirement or termination are calculated by estimating the amount of future benefits that employees have earned in return for their service in the prior and current periods. The benefits are discounted using the project unit credit method to determine present value of obligations. The calculation is annually performed, or at least every three years, by the qualified actuary. Expenses from the estimated liability for post-employment benefits comprise current service cost, part service cost and interest cost, which are recognized as profit or loss whereas actuarial gain/loss on measurement is recognized as other comprehensive income or loss in the statement of comprehensive income.

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue as well as related cost can be measured reliably whereby there is consideration about characteristics, amount, timing as well as uncertainty of revenue and contractual cash flows from contract with customer.

Sales are recognized net of discounts at a point in time when delivery has taken place and transfer of risks and rewards of ownership and control to the buyer has been completed.

Short-term service income, where amount is insignificant, is recognized at a point in time when the Company has completely rendered service to the customer and on an accrual basis.

Interest income is recognized over time on a time proportion basis that reflects the effective yield on the asset if significant.

Rental income on the assets which is operating lease is recognized over time on a straight-line basis over the lease term.

Other income is recognized on an accrual basis.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

Expense Recognition

Expenses are recognized on an accrual basis.

Borrowing Costs

Interest and financial charges on liabilities acquired for construction of building and installation of machinery and equipment is capitalized as part of the cost of the asset. The capitalization of such finance costs is ceased when the construction or installation is completed and ready for the intended use.

Foreign Currency Transactions

Transactions in foreign currencies are translated and recorded in Thai Baht at the exchange rates prevailing at the dates of the transactions. The outstanding balances of monetary assets and liabilities denominated in foreign currencies at the statement of financial position dates are translated into Baht at the exchange rates prevailing at those dates. Non-monetary assets and liabilities denominated in foreign currencies which are carried under historical cost convention are translated to Thai Baht at the exchange rates ruling at the dates of the transactions. Gain or loss on foreign exchange differences arising on translation are recognized as profit or loss in the statement of comprehensive income.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Principal market is the market with the greatest volume and level of activity for the asset or liability. Market participants comprise buyers and sellers in the principal or most advantageous market for the asset or liability whereby market participants are independent of each other, knowledgeable and having a reasonable understanding, able to enter into a transaction for the asset or liability, and willing to enter into a transaction for the asset or liability.

To increase the consistency and comparability in fair value measurements and related disclosures in the financial statements, the fair value hierarchy is categorized into 3 levels with respect of the inputs to valuation techniques used to measure the fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1 inputs"), secondary priority to other observable inputs ("Level 2 inputs"), and the lowest priority to unobservable inputs ("Level 3 inputs").

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

Financial Instruments

Recognition and measurement

The Company initially measures financial assets at fair value, plus transaction costs in case of financial assets that are not measured at fair value through profit or loss. Financial assets shall be classified and measured with respect to the business model on asset management and characteristics of the asset's contractual cash flows which is divided into three categories i.e. amortized cost, fair value through other comprehensive income, and fair value through profit or loss. Upon changes in business model on financial asset management are known, the affected financial assets shall be considered for proper reclassification.

The Company initially measures financial liabilities at fair value net of transaction costs. Financial liabilities shall be classified and measured at amortized cost except for financial liabilities measured at fair value through profit or loss (such liabilities include derivative liabilities). Reclassification of financial liabilities is prohibited.

Classification and measurement

Assets classified and measured at amortized cost

- Cash and cash equivalents
- Restricted deposits at banks
- Trade and other receivables (excluding prepaid expenses and advances for goods / raw materials)
- Refundable deposits or guarantees

Assets classified and measured at fair value through profit or loss

- Derivatives assets

Assets classified and measured at fair value through other comprehensive income - none

Liabilities classified and measured at amortized cost

- Short-term borrowings from financial institutions
- Trade and other payables (including accrued expenses and retention payables but excluding advances received and unearned revenues)
- Long-term borrowings from financial institutions
- Lease liabilities
- Debentures

Liabilities classified and measured at fair value through profit or loss

- Derivatives liabilities



Impairment

Impairment loss from the expected credit loss of financial assets is recognized under General approach in the following stages:

- Stage 1 (performing): the 12-month expected credit loss is recognized in profit or loss. Interest income (if any) is calculated base on gross carrying amount without netting the allowance for expected credit loss.
- Stage 2 (under-performing): upon significant rise in credit risk and not being at low level, the Company recognizes the full lifetime expected credit loss in profit or loss. Interest income (if any) is calculated based on the same principle to Stage 1.
- Stage 3 (credit-impaired): upon significant rise in credit risk of financial asset that is considered as credit impaired, the Company recognizes the full lifetime expected credit loss in profit or loss. Interest income (if any) is calculated base on gross carrying amount net of the allowance for impairment.

For trade receivables and contract assets (accrued income), the Company adopts the Simplified approach by recognizing the full lifetime expected credit loss for financial assets considered as aforesaid. In consideration and measurement of the expected credit loss for both General approach and Simplified approach, the historical credit loss shall be combined with the forward looking information pertaining to the assets and significant factors relating to economic environment. For receivables, the Company categorizes the population by focusing on aging balance information whereby the past records were captured for historical credit loss approximately 1 year.

Hedge accounting

Hedge accounting is aimed for reflecting the impacts in the financial statements that are caused in risk management activities using the financial instruments on management of exposures to the risks and such risks shall affect profit or loss and/or other comprehensive income. Relationships and related accounting treatment of hedge accounting are divided into three categories i.e. fair value hedge, cash flows hedge, and hedge of net investment in foreign entity.

Derivative financial instruments are used to manage fair value risk exposed by change in foreign exchange rates arising from operating activities. Derivatives are not intended to use for trading purpose. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivatives are recognized initially at fair value and then are re-measured at fair value. Gain or loss on re-measurement to fair value is recognized as profit or loss.

NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

The fair value of derivatives is the quoted market price at the statement of financial position date, which is the Level 2 inputs of the fair value hierarchy whereby such price is the present value of the quoted derivative price where market approach was used as valuation technique and core information used in evaluation was the adjusted exchange rates in market to fit for the issued instrument which was computed by bank who was the counterparty.

Provisions

A provision (if any) is recognized in the statement of financial position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Income Tax

Current tax

Current tax is the amount of tax payable or recoverable which is calculated from taxable profit or loss for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years (if any) by considering the promotional privileges as discussed in Note 21.

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognized for the initial recognition of assets and liabilities that affect neither accounting nor taxable profit to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, at the tax rates that are expected to apply to the period when the deferred tax asset is realized or the tax liability is settled based on tax rates that have been enacted as at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax asset are reduced to the extent that it is no longer probable that the related tax benefit will be realized.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

Earnings per Share

Basic earnings per share is determined by dividing profit for the year by the weighted average number of common shares outstanding during the year whereas diluted earnings per share that is determined by dividing the profit for the year by the weighted average number of common shares outstanding during the year after adjusting the effect from dilutive potential common shares.

4. TRANSACTIONS WITH RELATED PARTIES

Related parties are those parties controlled by the Company or have control over the Company, directly or indirectly, or significant influence to govern the financial and operating policies of the Company.

Types of relationship of related parties are as follows:

| Company / Person Name | Type of Business | Relationship |
|--------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Related companies</u> | | |
| -N.E. Agritech Company Limited | Wholesales of machinery, equipment and tools for use in agriculture | Director and shareholder are relative of directors |
| -Chuwit Farm (2019) Public Company Limited | Broiler contract farming | Director are relative of directors and co-shareholders |
| -S.K. Petroleum Company Limited | Fuel service station | Shareholders are relative of directors |
| -N.E. Hemp Company Limited | Wholesales of agricultural materials | Co-director and co-shareholder |
| <u>Related persons</u> | | |
| Mr. Churat Jungtanasomboon | - | Relative of directors |
| Ms. Chum Jungtanasomboon | - | Relative of directors |
| Key management | - | Key management are persons having authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly, including the Company's director (whether as executive or otherwise) |



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

Pricing policies for transactions with related parties are as follows:

| Type of Transaction | Pricing Policies |
|-----------------------------------------------|------------------------------------------------------------------------------------------|
| Rental income | Mutually agreed price and referenced to market rate assessed by an independent appraiser |
| Sales of Napier grass | Prices approximated market prices |
| Sales of livestock mattress from the test-run | Prices approximated market prices |
| Service income | Mutually agreed price |
| Purchase of raw materials and supplies | Mutually agreed price |
| Purchase - sales of fixed assets | Prices approximated market prices |
| Maintenance expense | Mutually agreed price |
| Service expense | Mutually agreed price |
| Gasoline expense | Market prices |
| Vehicle and other asset rental charges | Mutually agreed price |
| Interest expense on debentures | 5.65% p.a. (same rate to other debenture holders) |
| Key management's remunerations | Mutually agreed amount |
| Corporate guarantee on credit facilities | Free of charge |

Outstanding balances with related parties as at December 31, 2023 and 2022 are as follows:

| | In Thousand Baht | |
|--------------------------------------------|------------------|-------|
| | 2023 | 2022 |
| Other receivables | | |
| - Related persons | 2,083 | 229 |
| Right-of-use assets - net | | |
| - Related person | 919 | 1,945 |
| - Related companies | - | 2,077 |
| Total | 919 | 4,022 |
| Other payables | | |
| <u>Payables on raw material and supply</u> | | |
| - Related companies | - | 565 |
| <u>Accrued vehicle rental charges</u> | | |
| - Related companies | - | 220 |
| <u>Accrued gasoline expense</u> | | |
| - Related company | 1,020 | 477 |



NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

| | In Thousand Baht | |
|-----------------------------------------------|------------------|-------|
| | 2023 | 2022 |
| <u>Accrued maintenance expense</u> | | |
| - Related company | 734 | 3 |
| <u>Accrued interest expense on debentures</u> | | |
| - Related person | 43 | 14 |
| Total other payables | 1,797 | 1,279 |
| Lease liabilities - net | | |
| - Related person | 865 | 1,915 |
| - Related companies | - | 2,227 |
| Total | 865 | 4,142 |
| Debentures - net | | |
| - Related person | 3,000 | 3,000 |

Revenues and expenses with related parties for the years ended December 31, 2023 and 2022 are as follows:

| | In Thousand Baht | |
|---------------------------------------------|------------------|-------|
| | 2023 | 2022 |
| Sales of livestock mattress | | |
| - Related person | 1,254 | 1,611 |
| Rental income (other income) | | |
| - Related person | 382 | 270 |
| Sales of Napier grass (other income) | | |
| - Related person | 3,265 | 2,260 |
| Sales of fixed assets | | |
| - Related person | 409 | - |
| Purchase of fixed assets | | |
| - Related companies | 5,156 | - |
| - Related person | 2,850 | - |
| Total | 8,006 | - |
| Service income | | |
| - Related company | - | 85 |



NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

| | In Thousand Baht | |
|-------------------------------------------------|------------------|--------|
| | 2023 | 2022 |
| Purchase of raw materials and supplies | | |
| - Related person | - | 1,544 |
| - Related companies | 7,115 | 8,878 |
| Total | 7,115 | 10,422 |
| Maintenance expense | | |
| - Related companies | 1,317 | 1,224 |
| Service expense | | |
| - Related company | - | 7 |
| Gasoline expense | | |
| - Related company | 22,415 | 25,360 |
| Depreciation of right-of-use assets | | |
| - Related person | 864 | 1,160 |
| - Related companies | 1,166 | 1,941 |
| Total | 2,030 | 3,101 |
| Interest expense under lease liabilities | | |
| - Related person | 103 | 153 |
| - Related companies | 40 | 203 |
| Total | 143 | 356 |
| Interest expense on debentures | | |
| - Related person | 170 | 53 |
| Key management's remunerations | | |
| - Short-term benefits | 26,837 | 21,680 |
| - Post-employment benefits | 1,016 | 1,055 |
| Total | 27,853 | 22,735 |



NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

5. TRADE AND OTHER RECEIVABLES

| | In Thousand Baht | |
|------------------------|------------------|---------|
| | 2023 | 2022 |
| Related persons | | |
| Other receivables | 2,083 | 229 |
| Other parties | | |
| Trade receivables | 647,254 | 925,144 |
| Prepaid expenses | 39,091 | 36,645 |
| Interest receivable | 1,125 | 22,878 |
| Other receivables | 716 | 5,320 |
| Advances | 19 | - |
| Total | 688,205 | 989,987 |

Interest receivable in 2022 included an amount of approximately Baht 22.3 million which was interest income that the Company was compensated in respect of the project for subsidizing the revolving credits to the rubber manufacturers (dried rubber) for two periods with the total credits amounting to Baht 1,900 million. The Company received such interest from its counterparty that is a state enterprise in April 2023.

As at December 31, 2023 and 2022, trade receivables classified by outstanding period are as follows:

| | In Thousand Baht | |
|--------------------------------|------------------|---------|
| | 2023 | 2022 |
| Current | 590,614 | 880,057 |
| Overdue not exceeding 3 months | 56,640 | 45,087 |
| Total | 647,254 | 925,144 |

6. INVENTORIES

| | In Thousand Baht | |
|------------------------------------------------------------------------------------------|------------------|------------|
| | 2023 | 2022 |
| Finished goods (net of allowance for diminution in value of Baht 9,771 thousand in 2022) | 912,944 | 310,349 |
| Work-in-process | 76,985 | 140,411 |
| Raw materials | 12,823,435 | 11,348,778 |
| Factory supplies | 28,915 | 22,248 |
| Total | 13,842,279 | 11,821,786 |

As at December 31, 2022, the Company pledged raw materials and finished goods as guarantee for short-term loan credit facilities from financial institutions (see Note 11).



NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

7. BIOLOGICAL ASSETS

| In Thousand Baht | | | |
|-----------------------|-----------|-------------|-------------------|
| | Changes | | |
| | | Harvest and | |
| Balance as at | Gain on | Transfer to | Balance as at |
| December 31, 2022 | Valuation | Inventories | December 31, 2023 |
| Napier grass in plots | 270 | (5,172) | 647 |

| In Thousand Baht | | | |
|-----------------------|-----------|-------------|-------------------|
| | Changes | | |
| | | Harvest and | |
| Balance as at | Gain on | Transfer to | Balance as at |
| December 31, 2021 | Valuation | Inventories | December 31, 2022 |
| Napier grass in plots | 157 | (7,024) | 270 |

8. PROPERTY, PLANT AND EQUIPMENT - NET

| In Thousand Baht | | | | | |
|-----------------------------------------------------------|-------------------|----------------|---------------|---------------|-------------------|
| | Balance as at | Movements | | | Balance as at |
| | December 31, 2022 | Addition | Deduction | Transfer | December 31, 2023 |
| Cost | | | | | |
| Land and land improvements | 123,972 | - | - | 35 | 124,007 |
| Building and building improvements | 711,894 | 1,570 | 29 | 6,916 | 720,351 |
| Machinery and equipment | 1,124,338 | 9,921 | 10,438 | 260,835 | 1,384,656 |
| Plots of Napier grass | 4,372 | - | - | - | 4,372 |
| Furniture, fixtures and office equipment | 17,246 | 3,754 | 518 | 272 | 20,754 |
| Vehicles | 98,398 | 22,480 | 13 | (2,256) | 118,609 |
| Construction in progress and machinery under installation | 480,564 | 231,189 | - | (266,189) | 445,564 |
| Total Cost | 2,560,784 | 268,914 | 10,998 | (387) | 2,818,313 |
| Accumulated Depreciation | | | | | |
| Land improvements | 45,943 | 16,593 | - | - | 62,536 |
| Building and building improvements | 233,963 | 36,008 | 14 | - | 269,957 |
| Machinery and equipment | 516,893 | 122,303 | 8,719 | - | 630,477 |
| Plots of Napier grass | 2,517 | 437 | - | - | 2,954 |
| Furniture, fixtures, and office equipment | 10,610 | 2,855 | 478 | - | 12,987 |
| Vehicles | 62,282 | 12,976 | 11 | - | 75,247 |
| Total Accumulated Depreciation | 872,208 | 191,172 | 9,222 | - | 1,054,158 |
| Net | 1,688,576 | | | | 1,764,155 |



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

| | In Thousand Baht | | | | |
|-----------------------------------------------------------|-------------------|----------------|--------------|-----------------|-------------------|
| | Balance as at | Movements | | | Balance as at |
| | December 31, 2021 | Addition | Deduction | Transfer | December 31, 2022 |
| Cost | | | | | |
| Land and land improvements | 117,577 | 37 | - | 6,358 | 123,972 |
| Building and building improvements | 699,185 | 1,518 | 2 | 11,193 | 711,894 |
| Machinery and equipment | 1,086,262 | 8,503 | 2,146 | 31,719 | 1,124,338 |
| Plots of Napier grass | 4,372 | - | - | - | 4,372 |
| Furniture, fixtures and office equipment | 14,289 | 3,649 | 1,084 | 392 | 17,246 |
| Vehicles | 96,739 | 1,662 | 3 | - | 98,398 |
| Construction in progress and machinery under installation | 202,366 | 330,263 | - | (52,065) | 480,564 |
| Total Cost | 2,220,790 | 345,632 | 3,235 | (2,403) | 2,560,784 |
| Accumulated Depreciation | | | | | |
| Land improvements | 29,868 | 16,075 | - | - | 45,943 |
| Building and building improvements | 198,456 | 35,510 | 3 | - | 233,963 |
| Machinery and equipment | 409,402 | 109,334 | 1,843 | - | 516,893 |
| Plots of Napier grass | 2,080 | 437 | - | - | 2,517 |
| Furniture, fixtures, and office equipment | 9,588 | 2,075 | 1,053 | - | 10,610 |
| Vehicles | 50,634 | 11,650 | 2 | - | 62,282 |
| Total Accumulated Depreciation | 700,028 | 175,081 | 2,901 | - | 872,208 |
| Net | 1,520,762 | | | | 1,688,576 |

As at December 31, 2023 and 2022, the Company has mortgaged its land and structures thereon, including machinery and equipment, of which carrying amounts totalling approximately Baht 438.6 million and Baht 510.6 million, respectively, as guarantees for the overdraft lines, short-term and long-term credit facilities from financial institutions (see Notes 11 and 15).

As at December 31, 2023 and 2022, cost of the Company's plant and equipment which have been fully depreciated but still in use amounting to approximately Baht 167.5 million and Baht 164.7 million, respectively.

Depreciation for the years ended December 31, 2023 and 2022 amounted to approximately Baht 191.2 million and Baht 175.1 million, respectively.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

9. RIGHT-OF-USE ASSETS - NET

| | In Thousand Baht | | | | |
|---------------------------------------|---------------------------------------|--------------|--------------|----------|---------------------------------------|
| | Balance as at December 31, 2022 | Movements | | | Balance as at December 31, 2023 |
| | | Addition | Deduction | Transfer | |
| Cost | | | | | |
| land for cultivation | 9,476 | - | 81 | - | 9,395 |
| Building space | 6,157 | - | - | - | 6,157 |
| Vehicles and equipment | 21,753 | 2,428 | 9,546 | - | 14,635 |
| Total Cost | 37,386 | 2,428 | 9,627 | - | 30,187 |
| Accumulated Depreciation | | | | | |
| land for cultivation | 3,895 | 1,386 | 81 | - | 5,200 |
| Building space | 3,055 | 1,456 | - | - | 4,511 |
| Vehicles and equipment | 10,504 | 4,156 | 8,063 | - | 6,597 |
| Total Accumulated Depreciation | 17,454 | 6,998 | 8,144 | - | 16,308 |
| Net | 19,932 | | | | 13,879 |

| | In Thousand Baht | | | | |
|---------------------------------------|---------------------------------------|-----------|-----------|----------|---------------------------------------|
| | Balance as at December 31, 2021 | Movements | | | Balance as at December 31, 2022 |
| | | Addition | Deduction | Transfer | |
| Cost | | | | | |
| land for cultivation | 8,790 | 1,045 | 1,114 | 755 | 9,476 |
| Building space | 6,042 | - | - | 115 | 6,157 |
| Vehicles and equipment | 19,106 | 4,254 | 737 | (870) | 21,753 |
| Total Cost | 33,938 | 5,299 | 1,851 | - | 37,386 |
| Accumulated Depreciation | | | | | |
| land for cultivation | 2,828 | 1,408 | 341 | - | 3,895 |
| Building space | 1,526 | 1,529 | - | - | 3,055 |
| Vehicles and equipment | 5,262 | 5,568 | 326 | - | 10,504 |
| Total Accumulated Depreciation | 9,616 | 8,505 | 667 | - | 17,454 |
| Net | 24,322 | | | | 19,932 |

Depreciation for the years ended December 31, 2023 and 2022 amounted to approximately Baht 7.0 million and Baht 8.5 million, respectively.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

10. INTANGIBLE ASSETS - NET

| In Thousand Baht | | | | | |
|--------------------------|-------------------|-----------|-----------|----------|-------------------|
| | Balance as at | Movements | | | Balance as at |
| | December 31, 2022 | Addition | Deduction | Transfer | December 31, 2023 |
| Cost | 3,986 | 594 | - | - | 4,580 |
| Accumulated amortization | (1,038) | (603) | - | - | (1,641) |
| Net | 2,948 | (9) | - | - | 2,939 |

| In Thousand Baht | | | | | |
|--------------------------|-------------------|-----------|-----------|----------|-------------------|
| | Balance as at | Movements | | | Balance as at |
| | December 31, 2021 | Addition | Deduction | Transfer | December 31, 2022 |
| Cost | 1,200 | 383 | - | 2,403 | 3,986 |
| Accumulated amortization | (765) | (273) | - | - | (1,038) |
| Net | 435 | 110 | - | 2,403 | 2,948 |

Amortization, which was presented as part of administrative expenses, for the years ended December 31, 2023 and 2022 amounted to approximately Baht 0.60 million and Baht 0.27 million, respectively.

11. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

| | In Thousand Baht | |
|-----------------------------|------------------|-----------|
| | 2023 | 2022 |
| Loans under packing credit | 2,587,600 | 1,124,500 |
| Loans under promissory note | 1,272,700 | 1,570,170 |
| Total | 3,860,300 | 2,694,670 |

As at December 31 2022 and 2022, the Company had credit facilities from twelve local banks and eleven local banks, respectively. As at December 31, 2023, the entire credit facilities from financial institutions were as follows:



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

| Type of Credit Facilities | In Million Baht | In Million U.S. | | Interest Rate (p.a.) |
|----------------------------|-----------------|-----------------|--|--------------------------------------------------------------------------------------|
| | | Dollar | | |
| Bank overdraft | 55 | - | | Referenced to MOR |
| Loan under packing credit | 4,040 | - | | Referenced to MOR, MLR, Prime Rate, THOR, BIBOR, SHIBOR and as per bank announcement |
| Loan under promissory note | 2,400 | - | | Referenced to MLR, MOR, MMR, BIBOR, THOR, and as per bank announcement |
| Letter of credit | 20 | 0.6 | | As per bank announcement |
| Total | 6,515 | 0.6 | | (2022 totalling approximately Baht 5,220 million) |

The above credit facilities are guaranteed by the Company's deposits with seven local banks totalling approximately Baht 421.7 million in 2023 (six local banks totalling approximately Baht 355.2 million in 2022), raw materials and finished goods (only in 2022) (see Note 6) as well as land with structures thereon including machinery and equipment (see Note 8).

12. TRADE AND OTHER PAYABLES - OTHER PARTIES

| | In Thousand Baht | |
|--------------------------------------|------------------|---------|
| | 2023 | 2022 |
| Accrued expenses | 98,721 | 116,861 |
| Trade payables | 51,982 | 60,563 |
| Accrued interest | 43,745 | 52,450 |
| Payables on purchase of fixed assets | 16,654 | 15,462 |
| Advances from customers | 915 | 36,429 |
| Dividends payable | 8 | 7 |
| Total | 212,025 | 281,772 |

During 2023 and 2022, the Company transferred beginning advances from customers to revenue from sales amounting to approximately Baht 36.4 million and Baht 128.8 million, respectively.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

13. LEASE LIABILITIES

| | In Thousand Baht | |
|-----------------------------------------------|------------------|----------|
| | 2023 | 2022 |
| Lease liabilities | | |
| - Due for payments within one year | 6,174 | 9,180 |
| - Due for payments between two and five years | 8,235 | 11,528 |
| Total | 14,409 | 20,708 |
| Less deferred interest | (1,806) | (1,795) |
| Lease liabilities - net of deferred interest | 12,603 | 18,913 |
| Less current portion | (5,310) | (8,319) |
| Net | 7,293 | 10,594 |

During 2023 and 2022, the Company's cash outflow from leases amounted to approximately Baht 8.4 million and Baht 9.8 million, respectively.

Amortized interest, which was presented as part of "Finance costs" in the statements of comprehensive income, for each of the years ended December 31, 2023 and 2022 amounted to approximately Baht 1.2 million.

NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

14. DEBENTURES

| | In Thousand Baht | |
|--------------------------------------------------------------|------------------|-------------|
| | 2023 | 2022 |
| Debentures | 4,814,300 | 6,114,300 |
| Less Deferred direct transaction costs on debenture issuance | (35,065) | (49,685) |
| Net | 4,779,235 | 6,064,615 |
| Less Current portion | - | (1,300,000) |
| Net | 4,779,235 | 4,764,615 |

On April 9, 2021, the Company limitedly issued and offered the registered, unsubordinated, and unsecured debentures to the institutional and potential investors of 1,300,000 units of which face value per unit is Baht 1,000. Such debentures bear interest rate at 5.85% p.a. whereby interest is payable on a quarterly basis and matured for redemption on October 9, 2023.

On November 4, 2021, the Company limitedly issued and offered the two series of registered, unsubordinated, and unsecured debentures to the institutional and potential investors of 2,000,000 units (1,000,000 units per serie) of which face value per unit is Baht 1,000. Such debentures bear interest rate at 5.25% p.a. (the first serie) and 6.00% p.a. (the second serie) whereby interest is payable on a quarterly basis and will mature for redemption on November 4, 2025 (the first serie) and 2026 (the second serie).

On September 8, 2022, the Company limitedly issued and offered the two series of registered, unsubordinated, and unsecured debentures to the institutional and potential investors of 2,814,300 units (the first serie of 1,161,500 units and the second serie of 1,652,800 units) of which face value per unit is Baht 1,000. Such debentures bear interest rate at 5.65% p.a. (the first serie) and 6.40% p.a. (the second serie) whereby interest is payable on a quarterly basis and will mature for redemption on September 8, 2027 (the first serie) and 2029 (the second serie).

The abovementioned debentures have significant conditions which include maintaining Debt-to-Equity ratio at the rate not exceeding 2.5:1.

Direct transaction costs on debenture issuance were underwriter and management fees on debenture issuance, which were recorded as a deferred item and systematically amortized on a straight-line method as expense in profit or loss over the term of related debentures.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

As at December 31, 2023, the Company had amount for issuance of debentures not exceeding Baht 8,000 million which was approved in the general shareholders' meetings on April 20, 2020, April 8, 2021 and April 7, 2022.

As at December 31, 2023 and 2022, such debentures had fair values of approximately Baht 4,744.5 million and Baht 6,124.0 million, respectively, which represented the Level 2 input of the fair value hierarchy.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

15. LONG-TERM BORROWINGS FROM FINANCIAL INSTITUTION

As at December 31, 2023 and 2022, the Company has credit facilities from four local banks. Thus, the entire credit facilities and related outstanding balances are as follows:

| | In Thousand Baht | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------|
| | 2023 | 2022 |
| 1) Loan under facilities of Baht 15 million, repayable monthly until August 2023, bear interest at 5% p.a. | - | 3,997 |
| 2) Loan under facilities of Baht 100 million, repayable monthly until December 2027, bear interest at 2% p.a. in the 1st and the 2nd years, at Prime Rate-2 p.a. in the 3rd to the 5th years and at Prime Rate p.a. in the 6th to the 7th years | 59,931 | 72,996 |
| 3) Loan under facilities of Baht 270 million, repayable monthly until December 2027, bear interest at Prime Rate-1.5 p.a. | 159,512 | 196,276 |
| 4) Loan under facilities of Baht 15 million, repayable monthly starting from the month that loan is drawdown (i.e. August 2021) whereby the 1st to 6th months contain deferral of principal repayment but interest shall be paid monthly, the 7th to 36th months contain principal repayment of Baht 500,000 per month and interest shall be paid monthly, bear interest at 2.75% p.a. | 4,000 | 10,000 |
| 5) Loan under facilities of Baht 100 million, repayable monthly until November 2026, bear interest at 3.8% p.a. | 57,220 | 79,540 |
| 6) Loan under facilities of Baht 300 million, repayable monthly starting from the month that loan is drawdown (i.e. August 2022) whereby the 1st to 6th months contain deferral of principal repayment but interest shall be paid monthly, the 7th to 53rd months contain principal repayment of Baht 5,560,000 per month and interest shall be paid monthly and the remaining principal and interest shall be paid in the 54th month, bear interest at MLR-2.375 p.a. | 148,840 | 210,000 |
| Total | 429,503 | 572,809 |
| Less current portion | (149,436) | (154,567) |
| Net | 280,067 | 418,242 |



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

Such long-term borrowings are guaranteed by the Company's deposits as well as land with structures thereon and machinery and equipment of the Company (see Note 8). In addition, the Company must comply with certain covenants and undertakings of these loans e.g. maintaining Debt Service Coverage Ratio and Debt-to-Equity Ratio, etc.

16. LIABILITY FOR POST-EMPLOYMENT BENEFITS

The Company has obligations on post-employment benefits which were reassessed and recomputed by the qualified actuary in 2023. Movements of liability for post-employment benefits for the years ended December 31, 2023 and 2022 are as follows:

| | In Thousand Baht | |
|----------------------------------------------------------|------------------|--------|
| | 2023 | 2022 |
| Liability for post-employment benefits as at January 1 | 16,813 | 14,727 |
| Current service cost | 2,371 | 1,871 |
| Interest cost | 435 | 284 |
| Actuarial gain on re-measurement | (456) | - |
| Expense recognized in statement of comprehensive income | 2,350 | 2,155 |
| Employee benefits paid during the year | - | (69) |
| Liability for post-employment benefits as at December 31 | 19,163 | 16,813 |

Significant assumptions used in calculation of liability for post-employment benefits are as follows:

- Discount rate 2.96% p.a. in 2023 and 1.91% p.a. in 2022
- Salary escalation rate 6.00% p.a. in 2023 and 7.52% p.a. in 2022
- Employee turnover rate 5.73% - 34.38% p.a. in 2023 and 0% - 25% p.a. in 2022

Actuarial gain on re-measurement in 2023 comprised gain on changes in financial assumptions, gain on experience adjustment and loss on changes in demographic assumptions of approximately Baht 877 thousand, Baht 2,072 thousand and Baht 2,493 thousand, respectively.

The abovementioned changes in significant assumptions may affect the sensitivity of the balance of provision or liability for post-employment benefits in respect of the information as per the calculation report of the qualified actuary as follows:



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

| Significant Assumptions | Liability may increase (decrease) from changes in significant assumptions (In Thousand Baht) | |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------|
| | If Assumption Increased | If Assumption Decreased |
| Discount rate (increase/decrease by 0.5%) | (704) | 751 |
| Salary escalation rate (increase/decrease by 1%) | 1,666 | (1,490) |
| Employee turnover rate (increase/decrease by 20%) | (2,299) | 3,006 |

17. SHARE CAPITAL AND PREMIUM ON SHARES

| | Par Value (In Baht) | In Thousand Shares / In Thousand Baht | | | |
|---------------------------------|------------------------|---------------------------------------|--------------|--------------|--------------|
| | | 2023 | | 2022 | |
| | | No. of Share | At Par Value | No. of Share | At Par Value |
| Authorized share capital | | | | | |
| As at December 31 | | | | | |
| - Common shares | 0.50 | 2,009,468 | 1,004,734 | 2,009,468 | 1,004,734 |
| Issued and fully paid-up shares | | | | | |
| As at January 1 | | | | | |
| - Common shares | 0.50 | 1,847,790 | 923,895 | 1,760,635 | 880,318 |
| Exercise of warrants | 0.50 | | | | |
| | | - | - | 87,155 | 43,577 |
| As at December 31 | | | | | |
| - Common shares | 0.50 | 1,847,790 | 923,895 | 1,847,790 | 923,895 |

At the general shareholders' meeting on April 10, 2023, the shareholders unanimously passed the resolution to approve the extension of the appropriation for the Company's common shares by issuance of incremental common shares under General Mandate method of 161,467,890 shares, Baht 0.50 par value, for private placement whereby such matter was previously approved in the general shareholders' meeting on April 7, 2022.

Section 51 of the Public Limited Companies Act, B.E. 2535 (1992) requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account, premium on shares, separated from the reserve account referred to in Section 116 of the Public Limited Companies Act, B.E. 2535 (1992) (legal reserve as per Note 19). This premium on shares is not available for dividend distribution.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

18. EARNINGS PER SHARE

Basic earnings per share

| | 2023 | 2022 |
|---------------------------------------------------------------------------------|-----------|-----------|
| Profit for the year (In thousand Baht) | 1,545,602 | 1,747,999 |
| Basic weighted average number of outstanding common shares (In thousand shares) | 1,847,790 | 1,813,167 |
| Basic earnings per share (Baht) | 0.836 | 0.964 |

Diluted earnings per share

| | 2023 | 2022 |
|---------------------------------------------------------------------------------------------------------|-----------|-----------|
| Profit for the year (In thousand Baht) | 1,545,602 | 1,747,999 |
| Basic weighted average number of outstanding common shares (In thousand shares) | 1,847,790 | 1,813,167 |
| Effect from the assumed exercise of warrants (In thousand shares) (right to exercise ended in May 2022) | - | 25,870 |
| Diluted weighted average number of outstanding common shares (In thousand shares) | 1,847,790 | 1,839,037 |
| Diluted earnings per share (Baht) | 0.836 | 0.950 |

19. LEGAL RESERVE

Section 116 of the Public Limited Companies Act B.E. 2535 requires the Company to appropriate not less than 5% of its annual profit, less accumulated losses brought forward (if any), to a reserve account ("Legal reserve") until this account reaches an amount not less than 10% of the authorized share capital. The legal reserve is not available for dividend distribution.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

20. EXPENSES BY NATURE

| | In Thousand Baht | |
|-----------------------------------------------------------|------------------|------------|
| | 2023 | 2022 |
| Raw materials and supplies used | 20,027,424 | 20,634,973 |
| Purchases of finished goods (rubber) | 2,009,605 | 635,393 |
| Finance costs | 439,829 | 421,070 |
| Contributions to the rubber replanting aid fund | 353,395 | 286,985 |
| Personnel expenses | 266,304 | 228,796 |
| Outward freight | 212,451 | 311,671 |
| Depreciation and amortization | 198,773 | 183,860 |
| Electricity charges | 161,616 | 137,723 |
| Repair and maintenance expenses | 116,944 | 69,783 |
| Decrease (increase) in finished goods and work-in-process | (539,169) | 228,396 |

21. INCOME TAX AND PROMOTIONAL PRIVILEGES FROM INVESTMENT PROMOTION

Corporate income tax recorded as (income) expense for the years ended December 31, 2023 and 2022 consists of:

| | In Thousand Baht | |
|----------------------------------------------------------------------------------|------------------|------------|
| | 2023 | 2022 |
| Income tax computed from accounting profit | 325,998 | 360,369 |
| Effects from non-deductible expenses | 3,625 | 12,957 |
| Effects from additional deductible expenses | (46,009) | (44,742) |
| Effects from reduction in income tax rate under investment promotion | (206,278) | (284,299) |
| Current tax computed from taxable profit | 77,336 | 44,285 |
| Adjustments to tax payable pertaining to prior years | 5,179 | 4,683 |
| Decrease in deferred tax assets | 1,013 | 1,585 |
| Increase in deferred tax liabilities | 861 | 3,293 |
| Income tax presented as profit or loss item in statement of comprehensive income | 84,389 | 53,846 |



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

Deferred tax assets and liabilities presented in statements of financial position as at December 31, 2023 and 2022 consist of:

| | In Thousand Baht | |
|-----------------------------------------------------|------------------|-------|
| | 2023 | 2022 |
| <i>Deferred tax assets</i> | | |
| Effects from temporary non-deductible items : | | |
| - Loss on diminution in value of inventories | - | 864 |
| - Liability for post-employment benefits | 1,461 | 956 |
| - Liabilities on purchase commitment of inventories | - | 654 |
| Total deferred tax assets | 1,461 | 2,474 |

| | In Thousand Baht | |
|--------------------------------------------------------------------------------------------|------------------|-------|
| | 2023 | 2022 |
| <i>Deferred tax liabilities</i> | | |
| Effects from temporary items not yet recognized as accounting expense or taxable revenue : | | |
| - Deferred direct transaction costs on debenture issuance | 3,031 | 3,014 |
| - Derivatives assets | 1,123 | 279 |
| Total deferred tax assets | 4,154 | 3,293 |

By virtue of the provisions of the Investment Promotion Act B.E. 2520, the Company has been granted the privileges, which include among others, exemption from payment of import duty on the imported machines used in the promoted business, exemption from payment of income tax on net profit from the promoted business attributable to (1) and (2) in the extent not exceeding 100% of investment excluding land and working capital for a period of eight years from the date income was first derived from the promoted business and 50% exemption from payment of income tax on net profit from the promoted business attributable to (1) and (2) for a period of five years from the end of the aforesaid exemption from payment of income tax for the first eight years, exemption from corporate income tax on net profit from the promoted businesses attributable to (3) and (4) in the extent not exceeding 100% of investment excluding land and working capital for a period of six years from the date income was first derived from the promoted business. The dates on which income was first derived from the promoted businesses are as follows:

- | | |
|--------------------|---------------------------------------------|
| (1) July 21, 2010 | Compound rubber manufacturer |
| (2) August 4, 2014 | Skim block rubber manufacturer |
| (3) July 4, 2019 | Compound block rubber manufacturer |
| (4) July 8, 2020 | Compound and skim block rubber manufacturer |



NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

As a promoted entity, the Company must comply with certain conditions and regulations as specified in the promotional certificates.

Operating results classified by the promoted and non-promoted businesses for the years ended December 31, 2023 and 2022 are as follows:

| | 2023 (In Thousand Baht) | | | |
|-------------------------------------|-------------------------------|--------------------------------|--------------------------|--------------|
| | Entirely Promoted Business | Partially Promoted Business | Non-Promoted Business | Total |
| Sales | 11,709,510 | 5,029,536 | 8,306,124 | 25,045,170 |
| Total revenues | 11,713,100 | 5,032,060 | 8,320,552 | 25,065,712 |
| Total cost of sales and expenses | (10,652,569) | (4,765,119) | (8,102,422) | (23,520,110) |
| Profit for the year | 1,060,531 | 266,941 | 218,130 | 1,545,602 |

| | 2022 (In Thousand Baht) | | | |
|-------------------------------------|-------------------------------|--------------------------------|--------------------------|--------------|
| | Entirely Promoted Business | Partially Promoted Business | Non-Promoted Business | Total |
| Sales | 14,586,556 | 5,907,786 | 4,677,720 | 25,172,062 |
| Total revenues | 14,604,618 | 5,915,112 | 4,688,504 | 25,208,234 |
| Total cost of sales and expenses | (13,246,438) | (5,541,488) | (4,672,309) | (23,460,235) |
| Profit for the year | 1,358,180 | 373,624 | 16,195 | 1,747,999 |

22. REGISTERED PROVIDENT FUND

The Company has a contributory registered employees' provident fund in accordance with the Provident Fund Act, B.E. 2530 (1987). Membership to the fund is on a voluntary basis. Under the plan, the Company and employees contribute an amount equivalent to 2%-4% of the employees' basic salaries depending on the length of employment. The fund will pay back the provident fund to employees in accordance with the conditions stated in the policies of provident fund regulations.

The Company's contribution, which was recorded as part of cost of sales and administrative expenses, for the years ended December 31 amounted to approximately Baht 1.2 million and Baht 1.1 million in 2023 and Baht 0.9 million and Baht 1.0 million in 2022, respectively.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

23. DIVIDENDS

At the Board of Directors' meeting on August 11, 2023, the Board of Directors unanimously approved the Company to pay interim dividends from the operations for the six-month period ended June 30, 2023 at Baht 0.05 per share, totalling approximately Baht 92.4 million. Such dividends shall be paid from profit of the entirely promoted business. The Company paid such dividends to the shareholders on September 8, 2023.

At the general shareholders' meeting on April 10, 2023, the shareholders unanimously passed the resolution to approve the declaration of final dividends from the 2022 operations to shareholders at Baht 0.31 per share, totalling approximately Baht 572.8 million. Such dividends shall be paid from profit of the entirely promoted business. The Company paid such dividends to the shareholders on May 9, 2023.

At the Board of Directors' meeting on August 8, 2022, the Board of Directors unanimously approved the Company to pay interim dividends from the operations for the six-month period ended June 30, 2022 at Baht 0.07 per share, totalling approximately Baht 129.3 million. Such dividends shall be entirely paid from profit of the promoted business. The Company paid such dividends to the shareholders on September 7, 2022.

At the general shareholders' meeting on April 7, 2022, the shareholders unanimously passed the resolution to approve the declaration of final dividends from the 2021 operations to shareholders at Baht 0.36 per share, totalling approximately Baht 633.8 million. Such dividends shall be paid from profit of the entirely promoted business. The Company paid such dividends to the shareholders on May 6, 2022.

24. SIGNIFICANT FINANCIAL INFORMATION CLASSIFIED BY OPERATING SEGMENT

The gross profit margin emphasized in statement of income is significant and core financial information of the Company that is provided regularly to the highest authority in decision-making operation and also used in evaluation of financial performances of the segments. As at December 31, 2023, the Company still had a single core operating segment (identified by internal reporting segments), i.e. manufacturing and sales of rubber smoked sheets, skim block rubbers and other rubber products, both in domestic and abroad, whereby the other segments are insignificant portion. Accordingly, the accompanying financial statements do not include information relating to information on business or product segment. In addition, the Company's transfers between segments were accounted for at cost and the Company is unable to apportion the segment information for assets and liabilities without undue costs.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

Information on Geographic Areas

| | In Thousand Baht | | | | | |
|------------------------------------|------------------|-------------|----------------|--------------|--------------|--------------|
| | Export Sales | | Domestic Sales | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Sales | 8,785,683 | 8,469,918 | 16,259,487 | 16,702,144 | 25,045,170 | 25,172,062 |
| <u>Less</u> Segment expenses*** | (8,263,739) | (7,959,631) | (14,571,390) | (14,855,829) | (22,835,129) | (22,815,460) |
| Segment result | 521,944 | 510,287 | 1,688,097 | 1,846,315 | 2,210,041 | 2,356,602 |
| <u>Add</u> non-allocated revenues | | | | | | |
| - Other income | | | | | 11,934 | 30,644 |
| <u>Less</u> non-allocated expenses | | | | | | |
| - Administrative expenses | | | | | (152,155) | (164,331) |
| - Finance costs | | | | | (439,829) | (421,070) |
| - Income tax expense | | | | | (84,389) | (53,846) |
| Profit for the year | | | | | 1,545,602 | 1,747,999 |

***including gain or loss on exchange rate, gain or loss on valuation of fair value of derivatives and distribution costs

Export sales classified by significant geographic areas (countries) are as follows:

| | In Thousand Baht | |
|-------------|------------------|-----------|
| | 2023 | 2022 |
| Singapore | 5,367,119 | 3,322,284 |
| China | 3,308,190 | 5,010,814 |
| India | 78,440 | 122,336 |
| Japan | 20,753 | - |
| Bangladesh | 11,181 | 12,154 |
| Switzerland | - | 2,330 |
| Total | 8,785,683 | 8,469,918 |

The Company had no any non-current asset located in the countries other than Thailand.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

Information on Key Customers

(customers whose transactions exceeding 10% of total balance of transactions)

| | Percentage of Balance Attributable to Key Customers to Total Balance | |
|------------|-------------------------------------------------------------------------|-------|
| | 2023 | 2022 |
| Sales | | |
| - Export | 36.24 | 10.53 |
| - Domestic | - | 12.59 |
| - Total | 17.41 | 11.90 |

25. DISCLOSURES OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

The Company is exposed to normal business risks relating to liquidity risk, credit risk, foreign currency exchange risk and interest rate risk. The Company has used derivative financial instruments for hedging against the foreign currency risk without intention for trading or speculation purposes. The Company had no significant change in risk management policy relating to financial instruments during 2023 and 2022.

Liquidity Risk

The Company manages its liquidity risk by maintaining an appropriate level of cash and cash equivalents as well as its current assets and liabilities and short-term and long-term sources of funds as deemed adequate to finance the operations of the Company and to mitigate the effects of fluctuations in cash flows and the lack of financial liquidity.

Credit Risk

Credit risk is the risk that a customer or counterparty is unable or unwilling to meet its financial and contractual commitments. To mitigate this risk, the Company periodically assesses the financial viability of customers and counterparties.

Carrying amount of receivables presented in the statements of financial position is the maximum exposure to credit risk.



NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

Foreign Currency Risk

The Company has significant business transactions internationally, which mainly is export of its products and importation of machines, giving rise to exposure to fluctuations in foreign currency exchange rates. In practical, the Company reduces this risk by matching cash receipts from its customers (receivables) against the related cash payments on loans under packing credit as well as payables for machines. In addition, the Company has used forward exchange contracts (sell) to mitigate this risk.

As at December 31, 2023 and 2022, the Company had the outstanding forward exchange contracts (sell) as follows:

| | Foreign Currency (In Thousands) | | Fixed Baht (In Thousand Baht) | |
|-----------------------------------|------------------------------------|--------|----------------------------------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| Forward exchange contracts - sell | | | | |
| - U.S. Dollar | 22,055 | 28,076 | 765,404 | 973,858 |

In addition, fair values of forward exchange contracts (sell) outstanding as at December 31, 2023 and 2022 were as follows:

| | Fair Values (In Thousand Baht) | |
|----------------------------------|--------------------------------|---------|
| | 2023 | 2022 |
| Forward exchange contract - sell | 752,193 | 969,254 |

The forward exchange contracts (sell) as at December 31, 2023 had maturities between January and June 2024.

As at December 31, 2023 and 2022, the Company had the outstanding non-hedged foreign currency assets and liabilities as follows:

| | Foreign Currency Assets | | Foreign Currency Liabilities | |
|----------------------|-------------------------|------|------------------------------|------|
| | 2023 | 2022 | 2023 | 2022 |
| Thousand U.S. Dollar | - | - | 203 | - |



NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

Interest Rate Risk

Fair Value Measurements

The following method and assumptions were used by the Company in estimating fair values of financial assets and financial liabilities:

Cash and cash equivalents, restricted deposits at banks, trade and other receivables, other current financial assets, short-term and long-term borrowings from financial institutions, trade and other payables, other current financial liabilities, lease liabilities and debentures.

Carrying amounts of these financial assets and liabilities approximate fair values due to a portion of these financial instruments was stated at cash status or had the relatively short-term maturities whereas the rest bear interest at the floating or fixed interest rates which approximate or in the range of market interest rates without material difference (Level 2 input of the fair value hierarchy).

Fair value of debentures was disclosed in Note 14.

26. CAPITAL MANAGEMENT

Significant objectives on capital management are to ensure that the Company has appropriate financial and capital structures to maintain financial liquidity and ability to continue its business as a going concern. Besides the end of exercised period of warrants and additional issuance of debentures in 2022, the Company did not have any significant change relating to capital management policy during 2023 and 2022.

As at December 31, 2023 and 2022, Debt-to-Equity ratio of the Company was 1.25:1.00 and 1.48:1.00, respectively.



27. OTHERS

As at December 31, 2023, the Company had:

- a) Commitments on (1) construction in progress as well as procurement and installation of machinery and equipment with respect to several projects totalling approximately Baht 123.8 million, (2) procurement of vehicle amounting to Baht 1.6 million, and (3) procurement and installation of intangible assets (computer programs) totalling approximately Baht 5.4 million.
- b) Letters of guarantee issued by a local bank to two government agencies totalling approximately Baht 15.4 million which are guaranteed by the Company's savings deposits with such bank of approximately Baht 2.4 million.
- c) Commitments on rubber purchase agreements with non-related suppliers totalling approximately Baht 31.7 million.

28. EVENT AFTER THE REPORTING PERIOD

At the Board of Directors' meeting on February 27, 2024, the Board of Directors passed the resolution approving the payment of final dividends from the 2023 operations to shareholders at Baht 0.29 per share, totalling approximately Baht 535.86 million. The dividends shall be entirely paid from the profit of the promoted business and scheduled for dividend payment on May 9, 2024. Such matter will be proposed for approval in the upcoming shareholders' meeting.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been approved for issuance by the Company's Board of Directors' meeting on February 27, 2024.

A background image showing a blurred business meeting scene. In the foreground, a person's hands are visible, holding a silver pen and a white tablet. Another person's hand is also visible, holding a white tablet. The background shows a person in a blue suit and tie, slightly out of focus. The overall color palette is dominated by blues and greens.

Part 4

Attachment

NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Attachment 1

Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| 1 | Mr. Chanitr Chamchainarong - Chairman of the Board of Directors - Independent director - Audit Committee (Previous name - surname) - No - Date of appointment 7 May 2018 | 60 | - Master of Electrical Engineering, Engineering Department, Purdue University (USA) - Bachelor of Electrical Engineering, Engineering Department, Purdue University (USA) - Chartered Financial Analyst (CFA) <u>Certificates</u> - Senior Justice Process Administrator, Class 19/2014, Judicial Civil Service Institute, Court of Justice | No | No | 2018 - present | Chairman of the Board of Directors / Independent Director North East Rubber Public Company Limited | Producer and distributor of rubber products |
| | | | | | | 15 May 2023 - present | Audit Committee North East Rubber Public Company Limited | Producer and distributor of rubber products |
| | | | | | | Positions in other listed companies | | |
| | | | | | | 2020 - present | Independent Director / Audit Committee / Member of the Nomination Committee / Risk Management Committee and Member of the Corporate Governance and Social Responsibility Committee Asia Plus Group Holdings Public Company Limited | Securities broker business, investment business, investment banker, asset management business and joint venture business |
| | | | | | | 2019 - present | Independent Director / Audit Committee | Distributor of raw materials related to plastic and petrochemicals |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|-----------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|---------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| | | | - Advanced Management Program (AMP), Harvard Business School Harvard University, USA (2023) - Advanced Certificate Course in Public Economics Management for Executives (Por.Sor.Sor 9) Class 9/2011 - Capital Market Leader Program, Capital Market College Institute (Wor.Thor.Tor) Class 2/2006, Stock Exchange of Thailand - Director Certification Program (DCP) Class 52/2007, Thai Institute of Directors (IOD) | | | | Global Connections Public Company Limited | |
| | | | | | | 2015 - present | Independent Director/ Audit Committee GMM Grammy Public Company Limited | Business operator in music, media, movies, digital, satellite television, radio, print media and event management. |
| | | | | | | Other positions not within listed companies | | |
| | | | | | | December 2022 - present | Chairman of the Board of Directors/ Independent Director / Audit Committee | Integrated palm oil industry business |
| | | | | | | May 2023 - present | Petchsriwichai Enterprise Company Limited Independent Director Nantaphonpanich Company Limited | Production business that offers services in ice production for consumption |
| | | | | | | 2023 - present | Independent Director Banpong Tapioca Flour Industrial Company Limited | Producer of cassava starch and structurally modified starch |
| | | | | | | 2021 - present | Director Synphaet Company Limited | Hospital business |
| | | | | | | 2016 - present | Senior Executive Vice President for Corporate Development Central Group | Operator of retail, department store, hotel and restaurant businesses |
| | | | | | | 2015 - 4 April 2023 | Independent Director UOB Bank Public Company Limited | Financial institution |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| 2 | Mr. Ronachit Jinadit - Director - Audit Committee - Independent Director - Nomination and Sustainable Development Committee | 73 | - Masters in Management, Hult Business School, Boston, Massachusetts, USA - Bachelor of Accountancy, Chulalongkorn University <u>Certificates</u> - Successful Formulation and Execution of Strategy (SFE) Class 40/2022, Thai Institute of Directors (IOD) - "Role of the Chairman" Program Class 49/2022, Thai Institute of Directors (IOD) - Director Certification | No | No | 2018 – present | Director / Chairman of the Audit Committee / Nomination Committee and Sustainable Development Committee / Independent Director North East Rubber Public Company Limited | Producer and distributor of rubber |
| | | | | | | Other positions not within listed companies | | |
| | (Previous name – surname) - No – Date of appointment 28 February 2018 | | | | | 1994 – present | Managing Director Kropt Advisory (Thailand) Public Company Limited | Financial restructuring and business rehabilitation advisory |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary



| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|-----------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------|-------------------------------------|-----------------------------------------------|------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| | | | Program (DCP) Class 301/2021, Thai Institute of Directors (IOD) - Advanced Audit Committee Program (AACP) Class 42/2021, Thai Institute of Directors (IOD) - Boardroom Success Financing & Investment (BFI) Class 7/2019, Thai Institute of Directors (IOD) - Director Accreditation Program (DAP) Class 149/2018, Thai Institute of Directors (IOD) - Certificate in the Finance Restructuring Program: ADL-MEI, Cambridge, Massachusetts, USA | | | | | |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| 3 | Mrs. Chantip Weerasubpong - Director - Nomination and Sustainable Development Committee - Audit Committee - Risk Management Committee - Independent Director Previous name - surname Miss Chantip Ungphasuk Date of appointment 28 February 2018 | 68 | - Master of Political Science (Public Administration for Executives), Thammasat University - Master of Accounting, Thammasat University - Bachelor of Laws, Ramkhamhaeng University - Bachelor of Accounting, Thammasat University <u>Certificates</u> - Diploma, National Defense, Joint Public and Private Sector (Por.Ror.Or) Class 20, National Defense College of Thailand - Director Leadership Certification Program (DLCP) Class 8/2022 Year 2022, Thai Institute of Directors | No | 0.03 | 2018 - present | Director / Audit Committee / Nomination and Sustainable Development Committee / Independent Director / | Producer and distributor of rubber products |
| | | | | | | | North East Rubber Public Company Limited | |
| | | | | | | Positions in other listed companies | | |
| | | | | | | 2016 - present | Audit Committee / Independent Director TOA Paint (Thailand) Public Company Limited | Producer and distributor of building paint products and paint coding products |
| | | | | | | 3 November 2022 - present | Director/ Independent Director / Chairman of the Audit Committee Thai Coconut Public Company Limited | Producer and seller of products processed from coconut and fruit |
| | | | | | | Other positions not within listed companies | | |
| | | | | | | 2022 - 1 September 2023 | Director / Independent Director / Chairman of the Audit and Risk Management Committees Premier Starch Company Public Company Limited | Producer and seller of cassava starch and other processed starches |
| | | | | | | 2014 - 2015 | Tax base development consultant (Expert level 10), Revenue Department | Government agency |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|-----------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------|----------------------------------------------------------------------------------|-------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| | | | (IOD) - Board Nomination and Compensation Program (BNCP) Class 13/2022 Year 2022, Thai Institute of Directors (IOD) - Advance Audit Committee Program (AACP 38/2020), Thai Institute of Directors (IOD) - Anti-Corruption For Executive Program (ACEP 14/2015) Year 2015, Thai Institute of Directors (IOD) - Corporate Governance for Capital Market Intermediaries Program Year 2015, Thai Institute of Directors (IOD) - Director Certification Program (DCP 176/2013) Year 2013, | | | 2012 - 2014 | Deputy Director General, Revenue Department | Government agency |
| | | | | | | 2008 - 2011 | Director of the Central Administrative Office, Revenue Department | Government agency |
| | | | | | | 2004 - 2008 | Deputy Director, Bureau of Large Business Tax Administration, Revenue Department | Government agency |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary



| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|-----------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------|--------------------------------------------|------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| | | | Thai Institute of Directors (IOD) - The Executive Program in Energy Literacy for a Sustainable Future Class 6, Thai Energy Academy (TEA) - Capital Market Leader Program (Wor.Thor.Tor) Class 19, Capital Market Academy - Advanced Justice Administration Course Class 18, Judicial Training Institute - Certificate Course on Corporate Governance for Directors and Senior Executives of State Enterprises and Public Organizations Class 12, King Prajadhipok's Institute | | | | | |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary



| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| 4 | Mr. Tepakul Poonlarp - Director - Chairman of the Risk Management Committee - Independent Director (Previous name - surname) - No - Date of appointment 28 February 2018 | 53 | - Bachelor of Engineering Program in Industrial Engineering, Khon Kaen University Certificates - Capital Market Leader Program (Wor.Thor.Tor.33) Capital Market Academy - Directors Certification Program (DCP 300/2020), Thai Institute of Directors (IOD) - Role of the Chairman Program Class 45/2019, Thai Institute of Directors (IOD) - How to Develop a Risk Management Plan (HRP) Class 20/2018, Thai Institute of Directors (IOD) - Chairman Forum 2017 under the theme "The | No | 0.05 | 2018 - present | Director / Risk Management Committee / Independent Director North East Rubber Public Company Limited | Producer and distributor of rubber products |
| | | | | | | 2018 - 15 March 2023 | Audit Committee North East Rubber Public Company Limited | Producer and distributor of rubber products |
| | | | | | | Other listed companies | | |
| | | | | | | 2020 - present | Nomination and Remuneration Committee Home Pottery Public Company Limited | International producer and distributor of ceramic tableware |
| | | | | | | 2014 - present | Chairman of the Board of Directors / Chairman of the Audit Committee / Independent Director Home Pottery Public Company Limited | International producer and distributor of ceramic tableware |
| | | | | | | Other activities not within listed companies | | |
| | | | | | | September 2022 - present | Chairman of the Board of Directors / Chairman of the Audit Committee / Independent Director | Broiler farming business with price guarantee type |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| | | | Role of Chairman in Leading Strategic Risk Oversight” - Director Accreditation Program (DAP) Class 68/2008, Thai Institute of Directors (IOD) | | | | Chuwit Farn (2019) Public Company Limited | |
| | | | | | | February 2023 - present | Independent Director/Chairman of the Audit Committee/Nomination and Remuneration Committee | Producer of palm oil and electricity from biogas |
| | | | | | | 8 August 2023 - present | Smothong Group Company Limited Independent Director | Seller of interior decoration equipment, floor tiles, wall tiles and sanitary equipment |
| | | | | | | January 2022 - present | Chairman of the Board of Directors / Independent Director S.P Auto Corporation Company Limited | Producer of automotive wiring harnesses |
| 5 | Mr. Chuwit Jungtanasonboon - Director - Chairman of the Executive Committee - Chief Executive Officer - Risk Management Committee - Nomination and | 55 | - Bachelor of Administration, Faculty of Administration, Surindra Rajabhat University Certificates - National Defense | Spouse Mrs. Panida Jungtanasonboon | 29.50 | 2006 - present | Director / Chairman of the Executive Committee / Risk Management Committee / Nomination and Sustainable Development Committee / Chief Executive Officer North East Rubber Public Company Limited | Producer and distributor of rubber products |
| | | | | | | Other positions not within listed companies | | |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|-------------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------|--------------------------------------------|---------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| | Sustainable Development Committee (Previous name – surname) - No - Date of appointment 12 June 2006 | | College, National Defense Studies Institute (Wor.Por.Or) Class 65 of academic year 2022-2023, Economic Studies, National Defense College (Wor.Por.Or) - Capital Market Leader Program, Capital Market Academy Class 29/2019 (Wor.Thor.Tor.29) - Director Accreditation Program (DAP) Class 136/2017, Thai Institute of Directors (IOD) - EEP (Executive Energy Program) Class 2/2016, The Institute of Industrial Energy, The Federation of Thai Industries | | | 2020 - present | Director N.E. Hemp Company Limited | Products from any part of cannabis and hemp |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| 6 | Mr. Sakchai Jongstapongpun - Director - Executive Committee - Risk Management Committee - Deputy Chief Executive Officer of Accounting-Finance Management Finance Management (Previous name – surname) - No - Date of appointment 10 February 2014 | 66 | - Master of Business Administration (MBA), Huachiew Chalermprakiat University - Bachelor of Business Administration (Accounting) Rajamangala University of Technology <u>Certificates</u> - Executive Program in Digitalization Industry of Thailand (eDIT) Class 5, The Federation of Thai Industries - Digital CEO Generation 5, Digital Economy Promotion Agency and No Name I M C Company Limited - Director Accreditation | No | No | 2014 - present | Director / Executive Committee / Risk Management Committee / Deputy Chief Executive Officer of Accounting-Finance Management North East Rubber Public Company Limited | Producer and distributor of natural rubber products |
| | | | | | | Other positions not within listed companies | | |
| | | | | | | 1996 - 2007 | Director of Sales Control Department Mitsubishi Motors (Thailand) Company Limited | Manufacturer of automobiles |
| | | | | | | 1992 - 1995 | Accounting and finance manager TTA Company Limited | Producer and distributor of kitchen equipment |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| 7 | Miss Py Attpisarn - Director - Executive Committee - Deputy Chief Executive Officer of Business Development Previous name – surname Miss Ruedeewan | 43 | Program (DAP) Class 133/2017, Thai Institute of Directors (IOD) - CFO Refresher Course under the topic "preparedness in response to economic factors and accounting and financial issues affecting listed companies" | No | No | | | |
| | | | | | | 2017 - present | Director / Executive Committee / Deputy Chief Executive Officer of Business Development North East Rubber Public Company Limited | Producer and distributor of rubber products |
| | | | | | | 2015 - 2017 | Biogas Project Manager North East Rubber Public Company Limited | Producer and distributor of rubber products |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|------------------------------------------------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------|------------------------------------------------------------------------------|---------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| | Angsivaphong Date of appointment 2 February 2015 | | University - Bachelor of Environmental Engineering B.E.(Environmental Eng.), Suranaree University of Technology <u>Certificates</u> - Digital JUMPSTART for Young Executive, Digital Economy Promotion Agency - “Energy Transition & Climate Change Management (ETC)” Clean Energy for Peoples Foundation - Executive Program in Digitalization Industry of Thailand (eDIT) Generation 5, The Federation of Thai Industries | | | 2014 - 2015 | Environmental Department Manager North East Rubber Public Company Limited | Producer and distributor of rubber products |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|-----------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------|--------------------------------------------|------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| | | | - Workshop on Development of T-VER Project in the Forestry Sector and Preparation of Documents for Requesting Carbon Credit Registration and Certification, Thailand Greenhouse Gas Management Organization (Public Organization) (TGO), Ministry of Natural Resources and the Environment by TGO Climate Action Academy - Executive Energy Program (EEP) Class 6 by The Institute of Industrial Energy, The Federation of Thai Industries - Interpretation for Key | | | | | |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|-----------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------|--------------------------------------------|------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| | | | Performance Indication (KPI) Action Plan and Risk Assessment 2020 by NTP Consultant Group - Director Accreditation Program (DAP) Class 149/2018, Thai Institute of Directors (IOD) - Company Secretary Program (CSP) CLASS 79/2017, Thai Institute of Directors (IOD) - Risk Assessment of ISO 9001 Version 2015, ISO 14001 Version 2015, ISO 45001 Version 2018 by NTP Consultant Group | | | | | |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| 8 | Mrs. Panida Jungtanasomboon - Director - Deputy Chief Executive Officer of Supply Chain Previous name - surname Miss Panida Dummeeakao Date of Appointment 1 December 2007 | 57 | - Secondary Education, Non-Formal Education Service Center in Lahan Sai District Certificates - Director Accreditation Program (DAP) Class 133/2017, Thai Institute of Directors (IOD) | Spouse Mr. Chuwit Jungtanasomboon | 0.29 | 2007 – present | Executive Committee / Deputy Chief Executive Officer of Supply Chain North East Rubber Public Company Limited | Producer and distributor of rubber products |
| 9 | Miss Kesanaree Jongchotisirikul - Director - Deputy Chief Executive Officer of Marketing/ Quality Control and Sustainable Development (Previous name – surname) - No - | 48 | - Master in Biotechnology, Agro-Industry Faculty, Kasetsart University - Bachelor in Biotechnology, Science Faculty, Prince of Songkla University Certificates - CEO Learning Through Experiences Program, | No | 0.01 | 2007 - present | Executive Committee/ Deputy Chief Executive Officer of Marketing/ Quality Control and Sustainable Development North East Rubber Public Company Limited | Producer and distributor of rubber products |
| | | | | | | Other positions not within listed companies | | |
| | | | | | | 2007 | Assistant Manager | Producer and distributor of rubber products |
| | | | | | | 2006 | Hadsyn Rubber Company Limited Marketing Coordinator Titi Latex Sdn Bhd, Malaysia | Producer and distributor of rubber products |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|---------------------------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------|--------------------------------------------------------------------|---------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| | Date of appointment 1 January 2007 | | Digital Economy Promotion Agency, Ministry of Digital Economy and Society, in collaboration with No Name I M C Company Limited (LTE) Class 4 (4/2023) - Digital CEO (DCEO) Class 6 (6/2023), Digital Economy Promotion Agency, Ministry of Digital Economy and Society, in collaboration with No Name I M C Company Limited - Certificate in ESG Management (C-ESG) Class 2/2022, Stock Exchange of Thailand - Anti-Corruption: The Practical Guide (ACPG) | | | 2004 | Marketing Manager& Director Evergreen Resources Company Limited | Rubber wood trading business |
| | | | | | | 2002 | Marketing Manager Evergreen Parawood Company Limited | Producer of furniture made from rubber wood |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|-----------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------|--------------------------------------------|------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| | | | Class 61/2022, Thai Institute of Development (IOD) - CEO Learning Through Experiences (LTE) Class 3/2022, Digital Economy Promotion Agency in collaboration with No Name I M C Company Limited - Chief of Digital Agro Business (CDA) Class 3/2022, Digital Economy Promotion Agency - Advanced Master of Management Program (Wor.Bor.Sor) Class 7, Graduate School of Public Administration, National Institute of Development | | | | | |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|-----------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------|--------------------------------------------|------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| | | | Administration (NIDA) - CEO Learning Through Experiences Program, Digital Economy Promotion Agency, Ministry of Digital Economy and Society, in collaboration with No Name I M C Company Limited (LTE) Class 2 (2/2021) - Ethical Leadership Program (ELP) Class 18 Thai Institute of Directors (IOD) - Advanced Business Analysis and Strategy Class 5, Chulalongkorn University - How to Develop a Risk Management Plan Program HRP 27/2020, Thai Institute of | | | | | |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|--------------------------------------------------------------------------------------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------|---------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| | | | Directors (IOD) - EEP (Executive Energy Program) Class 3/2017, The Institute of Industrial Energy, The Federation of Thai Industries - Director Accreditation Program (DAP) Class 138/2017, Thai Institute of Directors (IOD) - Chinese Elementary, Beijing Language and Culture University | | | | | |
| 10 | Miss Suhaili Yitaso - Executive Committee - Deputy Chief Production Officer (acting) | 44 | - Master of Business Administration (MBA), Rajamangala University Isan (Nakhon Ratchasima Campus) - Bachelor in Industrial | No | No | 22 June 2023 – present | Executive Committee/ Deputy Chief Production Officer (acting) North East Rubber Public Company Limited | Producer and distributor of rubber products |
| | | | | | | 2021-2023 | Rubber Block Factory Manager North East Rubber Public Company Limited | Producer and distributor of rubber products |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|--------------------------------------------------------------------------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| | (Previous name - surname) - No - Date of appointment 22 June 2023 | | Management, Rajamangala University of Technology, Rattanakosin (Wang Klai Kangwon Campus) <u>Certification of Training Program</u> - ISO14001:2004 (Environmental Management Systems) - OHSAS18001:2007 (Health and Safety Management System), ISO9001:2015 (Quality Management Systems) - Executive level work safety officer - Art of Command for Professionals - Safety Board Occupational Health | | | 2020-2021 | Raw Material Quality Inspection Department Manager North East Rubber Public Company Limited | Producer and distributor of rubber products |
| | | | | | | 2018-2019 | Rubber Block Factory Manager North East Rubber Public Company Limited | Producer and distributor of rubber products |
| | | | | | | 2014-2018 | Quality Assurance Manager North East Rubber Public Company Limited | Producer and distributor of rubber products |
| | | | | | | Other positions not within listed companies | | |
| | | | | | | 2012-2014 | Head of Quality Assurance Xin Yuan Da Rubber (Thailand) Company Limited | Producer and distributor |
| | | | | | | 2005-2012 | Head of Quality Assurance, Head of Compound Division Union Polymer Company Limited | Producer and distributor of compound plastic pallets |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary



| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| | | | and Environment | | | | | |
| 11 | Mr. Parinya Leenatham -Executive Committee -Deputy Executive Officer of General Administration (Previous name – surname) - No – Date of appointment 2 May 2023 | 52 | - Masters in Telecommunications Management, Faculty of Innovation, Thammasat University - Bachelor in Electrical Engineering, Faculty of Engineering, Thammasat University <u>Certificates</u> - SPLD Program's Instructor and Project's Coach - Customer Experience Improvement Project - No. 1 Service Excellence Project | No | No | 2 May 2023 – present | Executive Committee / Deputy Chief Executive Officer of General Administration North East Rubber Public Company Limited | Producer and distributor of rubber products |
| Positions in other listed companies | | | | | | | | |
| | | | | | | March 2021 – March 2023 | Deputy Director of Group Quality Assurance True Corporation Public Company Limited | Telecommunications and internet service provider |
| | | | | | | March 2012 – December 2018 | Head of Corporate Service Management Center (Customer Service Center) Head of Network Management Center (Network Surveillance and Management Center) | Telecommunications and internet service provider |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|--------------------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| 12 | Miss Runghwa Yaemchu Accounting manager (Previous name – surname) - no – Date of appointment 6 May 2023 | 38 | - Certified in Green Belt, Lean Six Sigma Program - Certified in Safety Officer (Management Level) - Certified in CCNA - JICA's Training and Dialogue in Telecommunication Programs / Kyushu, Japan - Bachelor in Accounting, Faculty of Business Administration, Ramkhamhaeng University <u>Certificates</u> - Fundamental of TFRS 9 Program Class 1/66, Federation of Accounting Professions Under The Royal Patronage of His | No | | | True Corporation Public Company Limited | |
| | | | | | | Other positions not within listed companies | | |
| | | | | | | January 2019 – February 2021 | Chief Operating and TIDC Command Center (Control Center) Officer True Internet Data Center Company Limited | Data center and cloud service provider |
| | | | | | | 6 November 2023 – present | Accounting Manager North East Rubber Public Company Limited | Producer and distributor of rubber products |
| | | | | | | 2018 – 6 November 2023 | Assistant to General Accounting Manager North East Rubber Public Company Limited | Producer and distributor of rubber products |
| | | | | | | Other listed companies | | |
| | | | | | | 2011-2018 | Assistant to Senior Accounting Manager | Real estate developer |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary



| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|-----------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|----------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| | | | Majesty The King - "Setting up accounting systems, document systems and financial reports" Program by seminar and training company Dharmniti (Dharmniti Public Company Limited) - "Digital Asset and New S-Curve of Listed Companies" Program, Stock Exchange of Thailand - BSPlink Training Course Bangkok, Thailand, IATA - "Using Computer Programs for Accounting" Program, Computer Center, Faculty of Science, Ramkhamhaeng | | | | Nusasiri Public Company Limited | |
| | | | | | | Other activities not within listed companies | | |
| | | | | | | 2007-2011 | Assistant to Accounting Manager Mana Accounting Company Limited | Accounting and auditing services provider |
| | | | | | | 2011-2015 | Head of Accounting A Cross Travel and Leisure Company Limited | Seller of airplane tickets, organizer of tours and provider of other services |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|---------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|----------------------------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| 13 | Miss Nongyao Seekhiaw Company Secretary (Previous name -- surname) - No -- Date of appointment 6 November 2023 | 45 | University - “myAccount Accounting Software Solution” Program, Prosoft Comtech Company Limited - Bachelor in Business Administration, Accounting Major, Rajamangala University of Technology Isan <u>Certificates</u> - Company Secretary Program (CSP) Class 142/2023, Thai Institute of Directors (IOD) - “Insight in SET: | No | No | | | |
| | | | | | | 6 November 2023 - present | Assistant to Deputy Chief Executive of Accounting-Finance Management North East Rubber Public Company Limited | Producer and distributor of rubber products |
| | | | | | | 20 November 2021 - 6 November 2023 | Accounting manager North East Rubber Public Company Limited | Producer and distributor of rubber products |
| | | | | | | 2017 - 2021 | Assistant to the Cost Accounting Department Manager North East Rubber Public Company Limited | Producer and distributor of rubber products |
| | | | | | | Other activities not within listed companies | | |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary



| Order | Name / position | Age (years) | Educational background | Family relationships between executives | Shareholding percentage in the Company (%) | Work experience in the past 5 years | | |
|-------|-----------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------|-------------------------------------------------------|--------------------------------------------------------|
| | | | | | | Time period | Position and name of organization/ company | Type of business |
| | | | Knowing Everything for Growth and Sustainability in the Capital Market” (Class 3), Stock Exchange of Thailand - Strategic Management Accounting Class 2/65 Federation of Accounting Professionals Under The Royal Patronage of His Majesty The King - e-learning CFO’s Orientation Course Program (Thai Version), Stock Exchange of Thailand | | | 2005 - 2011 | Head of Accounting Phimal Footwear Company Limited | Manufacturer of shoes, shoe pieces and rubber products |

Attachment 1 Details on the Board of Directors, Executive, Person with Controlling Authority, Person with the Highest Authority in the Accounting and Finance Fields, Person authorized to have direct responsibility for accounting, and the Company Secretary

Attachment 2

Details on the subsidiaries' directors

- Nothing to show -



Attachment 3: Details on the Head of Internal Audit

Details on the Head of Internal Audit

The Company engaged outsourced services of Aim To Prosperity Company Limited, an independent company, to be the head of internal auditing. The managing director, Mr. Phaisan Puratcharoenchai (CIA, CPIA), was appointed to be primarily responsible for performing the duties of the Company's auditor.

| | | |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Name/position | Mr. Paisan Puratcharoenchai / Managing Director of Aim To Prosperity Company Limited | |
| Age | 59 Years | |
| Educational Qualifications / Certificates | <ul style="list-style-type: none"> - Master's Degree : Chulalongkorn University, Masters of Accounting - Bachelor's Degree : Thammasat University, Bachelor in Accounting - International Internal Auditor's License (CIA) No. 30807, IIA - International Internal Auditor's License (CPIA) No. 5026 , IIAT - Risk Management Certificate (CRMA) No. 2284 , IIA | |
| Family relationships between executives | -No- | |
| Shareholding percentage in the Company (%) | -No- | |
| Past work experiences | Time period | POSITION AND NAME OF THE ORGANIZATION |
| | 2011 – present | MANAGING DIRECTOR Aim To Prosperity Company Limited |
| | 2003 – 2007 | DIRECTOR OF CENTRAL ADMINISTRATION The Stock Exchange of Thailand |
| | 2002 – 2003 | DIRECTOR OF INFORMATION SERVICES THAILAND SECURITIES DEPOSITORY COMPANY LIMITED |
| | 1999 – 2002 | HEAD OF QUALITY PROMOTION CENTER THAILAND SECURITIES DEPOSITORY COMPANY LIMITED |
| | Time Period | POSITION AND NAME OF THE ORGANIZATION |

| | | | |
|--|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| | 1999 | Visiting lecturer EASTERN ASIA UNIVERSITY AND SUAN SUNANDHA RAJABHAT UNIVERSITY | |
| | 1996 – 1999 | INTERNAL AUDIT MANAGER TPI POLENE PUBLIC COMPANY LIMITED | |
| | 1992 – 1996 | INTERNAL AUDIT MANAGER KRUNGTHAI THANAKIT FINANCE PUBLIC COMPANY LIMITED | |
| | 1989 – 1991 | INTERNAL AUDIT MANAGER KIATNAKIN FINANCE PUBLIC COMPANY LIMITED | |
| | 1989 | AUDITOR, FINANCIAL INSTITUTION ANALYSIS AND SUPERVISION DEPARTMENT BANK OF THAILAND | |
| | 1985 – 1989 | AUDIT DEPARTMENT MID-LEVEL EMPLOYEE SIAM COMMERCIAL BANK | |
| | Roles and Duties of the Internal Auditor | 1. To increase the efficiency and effectiveness of the Company's operations 2. To provide confidence to senior executives that the Company has a reliable information system and that there are no significant errors 3. To ensure that the control and use of the Company's assets are done correctly 4. To ensure that the Company has a good internal control system and employees operate according to the internal control system that was established 5. To assess the adequacy of the internal control system according to the guidelines specified by COSO to maintain the qualifications of listed companies in the Stock Exchange of Thailand | |

Attachment 4

Details on the property appraisal list

- Nothing to show -



Attachment 5

Good corporate governance policy and business ethics

Good corporate governance policy and business ethics

North East Rubber Public Company Limited has published its policies and guidelines on corporate governance, business ethics, including its charter on the Board of Directors and sub-committees, on the Company's website. The details can be found at:
<https://www.nerubber.com/good-corporate-governance-principles#handbook>.



Attachment 6

Audit Committee Report

The Audit Committee Report is disclosed under 8.2.1 Report on the Performance of the Auditor.





NORTH EAST RUBBER PUBLIC COMPANY LIMITED



HEAD OFFICE

398 MOO.4 KOK MA SUB-DISTRICT, PRAKHONCHAI DISTRICT, BURIRAM 31140



(+66)4466 6928 / (+66)4466 6929



BANGKOK OFFICE

589/156, 28TH FLOOR, CENTRAL CITY TOWER, DEBARATANA ROAD, BANG NA NUEA
SUB-DISTRICT, BANG NA DISTRICT, BANGKOK 10260



(+66) 83009 7500

IR CONTACT



(+66) 65 992 2388