ADITYA BIRLA

THAI RAYON

12 November 2026

Sub: Explanation on the Company's performance for the quarter ended 30 September 2026

To: President

The Stock Exchange of Thailand

Thai Rayon Public Company Limited ("the Company") would like to provide the explanation of its financial statements for the quarter ended 30 September 2026, comparison with for the quarter ended 30 September 2025. Further details are presented in the attached note to the financial statements.

| Income Statements (equity method) *(Unit in Million Baht)* | For the quarter ended 30 September | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Increase/(Decrease) | |
| Revenue from sales of goods | 2,369 | 2,119 | 250 | 12% |
| Interest income | 7 | 0.2 | 7 | 3879% |
| Gains on exchange rate | 3 | 82 | (78) | (96%) |
| Dividend income | 35 | 23 | 12 | 50% |
| Other income | 8 | 3 | 5 | 127% |
| Cost of sales of goods | 2,123 | 2,182 | (59) | (3%) |
| Distribution expenses | 159 | 119 | 40 | 33% |
| Administrative expenses | 48 | 50 | (2) | (4%) |
| Impairment loss of investment in associate | 21 | - | 21 | 100% |
| Expected credit loss of other non-current financial assets | 67 | - | 67 | 100% |
| Provision expense | 2,400 | - | 2,400 | 100% |
| Finance cost | (47) | (13) | 34 | 260% |
| Share of loss of associates accounted for using equity method | (559) | 13 | (572) | (4248%) |
| Tax expense | (2) | (14) | (12) | (82%) |
| **Loss for the period** | (3,003) | (137) | **2,866** | **2089%** |
| **Basic loss per share (Baht)** | (14.90) | (0.68) | | |
| Gross profit margin | 10% | (3%) | | |
| Net profit margin | (127%) | (7%) | | |

The Company would also like to inform that in September 2026, AV Group NB Inc., Canada ("AVNB"), an associated company, decided to temporarily suspend operations at one of its two pulp plants from late October 2026 onwards due to challenging market conditions and broader macroeconomic factors. Consequently, the Company reassessed the recoverability of its investment in AVNB and recognized a full impairment loss on the remaining carrying amount of Baht 22 Million in the financial statements in which the equity method is applied and Baht 3,155 Million in the separate financial statements.

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In addition, as AVNB is unlikely to generate sufficient cash flows from its remaining operations to settle its outstanding liabilities, the Company determined that a present constructive obligation had arisen to provide additional funding in proportion to its existing shareholding. As such funding is not expected to be recoverable, the Company recognized a provision of Baht 2,400 Million (equivalent to CAD 99.96 Million) as at 30 September 2026.

1. <u>Income statements (In which the equity method is applied) for the quarter ended 30 September 2026 compared with for the quarter ended 30 September 2025</u>

   For the quarter ended 30 September 2026, the Company reported a net loss of Baht (3,003) Million, compared to a net loss of Baht (137) Million in the same quarter of last year. This represents an increase in a net loss of Baht 2,866 Million or 2089%. The key changes can be summarized as follows:

   1) Revenue from sales of goods increased by 12% or Baht 250 Million, mainly driven by better realization.
   2) Interest income increased by 3879% or Baht 7 Million, primarily from interest received on fixed deposits.
   3) The Company recorded a gain on exchange rate of Baht 3 Million, compared to a gain of Baht 81 Million in the same quarter of last year, reflecting foreign currency fluctuations.
   4) Dividend income increased by 50% or Baht 12 Million, mainly due to higher dividend received on GDR investment.
   5) Other income increased by 127% or Baht 5 Million, primarily due to the receipt of fire insurance claim.
   6) Cost of sales of goods decreased by 3% or Baht 59 Million, mainly due to slight decline in Pulp price.
   7) Distribution expenses increased by 33% or Baht 40 Million, mainly due to substantial rise in sea freight costs amid ongoing geopolitical conflicts and uncertainty.
   8) Impairment loss of investment in associate increased by 100% or Baht 21 Million, mainly due to the provision of AV Group NB Inc.
   9) Expected credit loss of other non-current financial assets increased by 100% of Baht 67 Million, mainly due to allowance for expected credit loss on debt instrument of AV Group NB Inc.
   10) Provision expense increased by 100% or Baht 2,400 Million, mainly due to a provision recognized for AV Group NB Inc. in respect to future obligations.
   11) Finance cost increased by 260% or Baht 34 Million, mainly due to long-term loan obtained in the third quarter of the previous year.

12) Share of loss of associates accounted for using equity method increased by 4248% or Baht 572 Million, mainly due to lower performance of associated companies amid ongoing geopolitical uncertainties.

13) Tax expense decreased by 82% or Baht 12 Million, mainly due to lower deferred tax liability.

14) Exchange differences on translating financial statements through other comprehensive income increased by 643% or Baht 189 Million, resulting from fluctuation of Thai Baht against foreign currencies.

15) Loss on investment in equity instruments designated at fair value through other comprehensive income decreased by 71% or Baht 286 Million, mainly due to favorable changes in market prices and exchange rates.

16) Share of other comprehensive income of associates accounted for using equity method increased by 182% or Baht 107 Million, primarily driven by foreign exchange rate fluctuations.

17) Gross profit margin for the quarter ended 30 September 2026 improved to 10%, compared to a negative margin of (3%) in the same quarter of last year, primarily driven by improvement in sales realizations and lower raw material prices.

18) Net profit margin reported at negative (127%), compared to negative (7%) in the same quarter of last year, mainly due to a significant increase in the share of loss from associates reflecting their lower performance.

As explained above, the basic loss per share for the quarter ended 30 September 2026 was Baht (14.90), compared to a loss of Baht (0.68) in the same quarter of last year.

2. <u>Statements of financial position as of 30 September 2026 in comparison with as of 31 March 2026</u>

As of 30 September 2026, total assets increased by 9% or Baht 3,049 Million, total liabilities increased by 57% or Baht 3,740 Million and shareholders' equity increased by 3% or Baht 691 Million, compared to 31 March 2026. The significant changes are summarized below:

A. ASSETS

1) Other current financial assets increased by 100% or Baht 438 Million, mainly due to deposits placed with Banks for better utilization of temporary surplus fund.

2) Inventories increased by 44% or Baht 765 Million, mainly due to higher inventory valuation and increased procurement.

3) Other current assets increased by 85% or Baht 211 Million, primarily from advances to suppliers for Raw materials and Input VAT receivable.

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B. LIABILITIES AND SHAREHODLERS' EQUITY

1) Bank overdraft and short-term loans from financial institutions increased by 34% of Baht 458 Million, mainly due to an increase in borrowing during the period.

2) Trade and other current payables increased by 40% or Baht 586 Million, mainly due to higher procurement and impact of raw material prices.

3) Current portion of long-term loans from financial institution increased by 108% or Baht 304 Million, due to there is no repayment of principal during the quarter.

4) Other current provisions increased by 531% or Baht 2,401 Million, primarily due to provision recognized for AV Group NB Inc. in respect to future obligations.

5) Other current liabilities increased by 35% or Baht 19 Million, primarily due to higher advances received from customers.

6) Deferred tax liabilities increased by 33% or Baht 211 Million, mainly due to higher unrealized gain on equity instruments designated at fair value compared to last year.

Please be informed accordingly.

Yours faithfully,






Mr. Rajesh Kumar Jha

Vice President (Finance and Commercial)

Birla Cellulose

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