

Financial Result Overview

ANOTHER RECORD QUARTERLY PROFIT, 4,113.6% YoY GROWTH

3Q20 saw the sustained robust global demand for gloves as COVID-19 continued to spread inexorably in countries around the world, with daily new cases averaging 255,300 in 3Q20, compared with at an average of 104,188 cases in 2Q20. A structural change in glove consumption has also taken hold since the COVID-19 outbreak, with gloves acquiring widespread usage in various industries and in daily activities. A surge in demand for all PPE including gloves, which is still continuing, coupled with limited production capacity and supply of raw materials, meant that selling prices of gloves continued to go up in 3Q20. **This led our revenue to reach a record high of THB 8,142.1 million, representing a growth of 67.6% QoQ and 169.9% YoY. Likewise, we recorded an all-time-high quarterly profit after tax of THB 4,401.9 million, increasing 316.5% QoQ and 4,113.6% YoY.**

Glove production is an undertaking that requires advanced production technology and a large amount of capital investment in constructing a production facility of a size that would lead to economies of scale. The construction itself takes a minimum of 18-24 months to complete. Additionally, medical-grade gloves need to have certificates from various regulatory bodies of the countries in which they are to be marketed. These factors all serve as barriers to entry for new industry entrants. Our cutting-edge production technology and stringent quality standards, together with labor practices that have received **the top A rating in the amfori Business Social Compliance Initiative (BSCI) audit**, reinforce our status as a leading producer and ensure our competitiveness in the global glove industry. Our order backlog currently extends to 1Q22 for NR gloves and mid-2023 for NBR gloves.

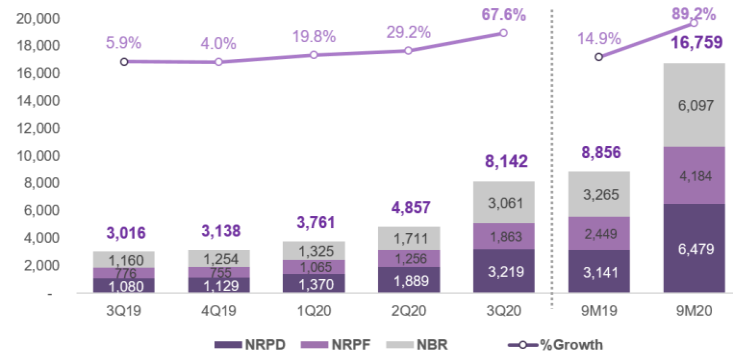
Source: *www.ourworldindata.org

Record Revenue and Profit Driven by ASP

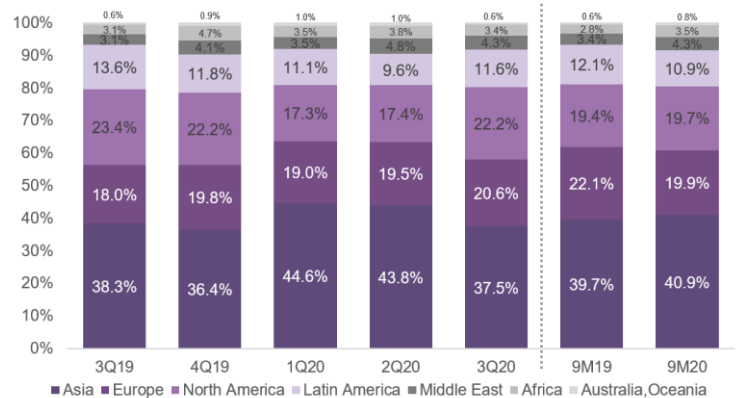
Sales revenue in 3Q20 was THB 8,142.1 million, growing 67.6% QoQ and 169.9% YoY, driven by **an increase in ASP of 73.2% QoQ and 89.1% YoY to THB 1,014 (USD 36.3) per 1,000 pieces**. NBR gloves led the growth in ASP, buoyed by strong demand and purchasing power from over the world, particularly the USA and Europe. Sales volume rose 42.8% YoY on the back of growing global demand and additional capacity from our Hat Yai and Trang plants, which were fully commissioned in February 2020. However, sales volume decreased slightly by 3.2% QoQ as shipping logjams caused delays for ocean freight particularly to the USA, despite our production facilities operating at full capacity of 95% utilization rate. By product, revenue from latex powdered gloves (NRPD) accounted for 39.5% of total sales revenue, while revenue from latex powder-free gloves (NRPF) and nitrile gloves (NBR) made up 22.9% and 37.6% of sales revenue, respectively. Our one-of-a-kind switchable production lines afford us the flexibility to adjust our product



Revenues by Product (THB million)



Revenues by Geography (%)



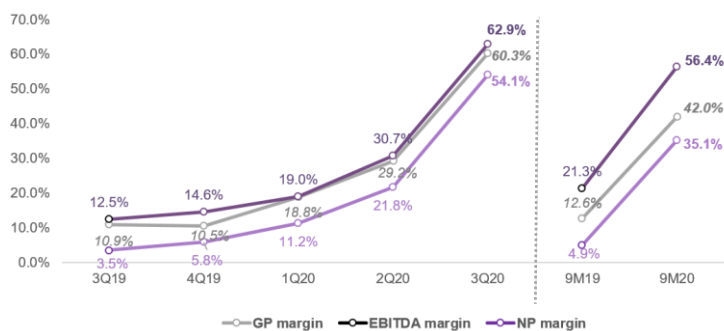
mix and increase production of NBR gloves during a high demand period. In 3Q20, sales revenue from NBR gloves increased by 78.8% QoQ.

A Substantial Growth in Profit Margin

We recorded THB 4,907.5 in gross profit, increasing 246.2% QoQ and 1,421.9% YoY on the strength of an increase in ASP across all product types and the economies of scales that resulted from our production facilities operating at full capacity. Our gross profit margin rose from 29.2% in 2Q20 and 10.7% in 1Q19 to reach a record high of 60.3%, despite increased raw material prices, which rose 10.8% QoQ and 3.4% YoY for NR latex and 18.6% YoY for NBR latex (which remained unchanged YoY). We had THB 120.7 million in other income, THB 78.6 million of which was refunded from the Rubber Authority of Thailand (RAOT) as part of the interest rate subsidy program to support our capacity expansion.

SG&A increased 1.4% QoQ and 26.6% YoY. The marginal QoQ increase is due to expenses related to the IPO and CSR activities, while the YoY increase corresponded to the growth in operations. We also recorded a net of THB 30.4 million in realized and unrealized gains from exchange rate transactions. **EBITDA margin improved significantly from 30.7% in 2Q20 and 12.5% in 3Q19 to 62.9% in 3Q20.** Finance costs were lower after we had paid down THB 2,093.0 million of our long-term borrowings at the end of 2Q20 with the IPO proceeds. Although tax expenses increased in tandem with net profit, our effective tax rate declined to 8.3% as all phases of our capacity expansion benefited from BOI incentives. **We achieved a record net profit of THB 4,401.9 million, increasing 316.5% QoQ and 4113.6% YoY, with a net profit margin of 54.1%.**

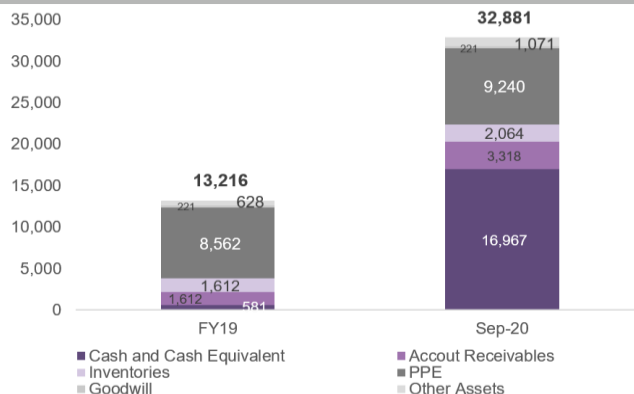
Margin (%)



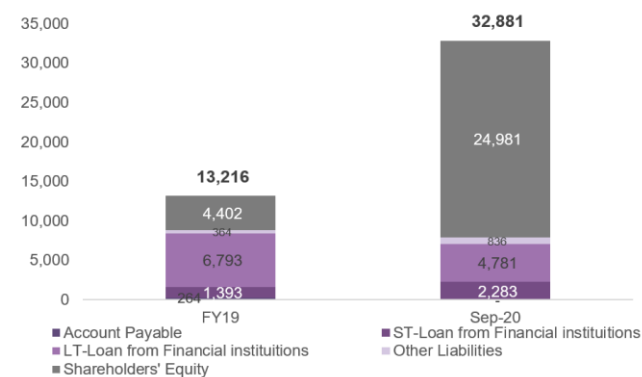
Strong Financial Position with Lower Debt Leverage

Our total assets of THB 32,881.4 million mainly consisted of cash received from the IPO and net profit, followed by property, plant and equipment and accounts receivable and other receivables. An increase in accounts receivable corresponded to increased sales. In response, we have put in place credit risk management practices with stringent debt collection and credit control. Our inventory turnover increased as demand continued to outstrip our production capacity. As a result, our cash cycle improved from 56.6 days in YE19 to 48.1 days in 3Q20. Interest-bearing debt (IBD) consisted of THB 4,814.7 million in outstanding long-term borrowings and leasehold obligations. With the cash on hand, our gearing IBD to equity ratio decreased from 1.63 times in YE19 to 0.19 times in 3Q20. All THB 4,784.4 million in long-term borrowings that remained were taken under the 3% interest rate subsidy program of the RAOT.

Assets (THB million)



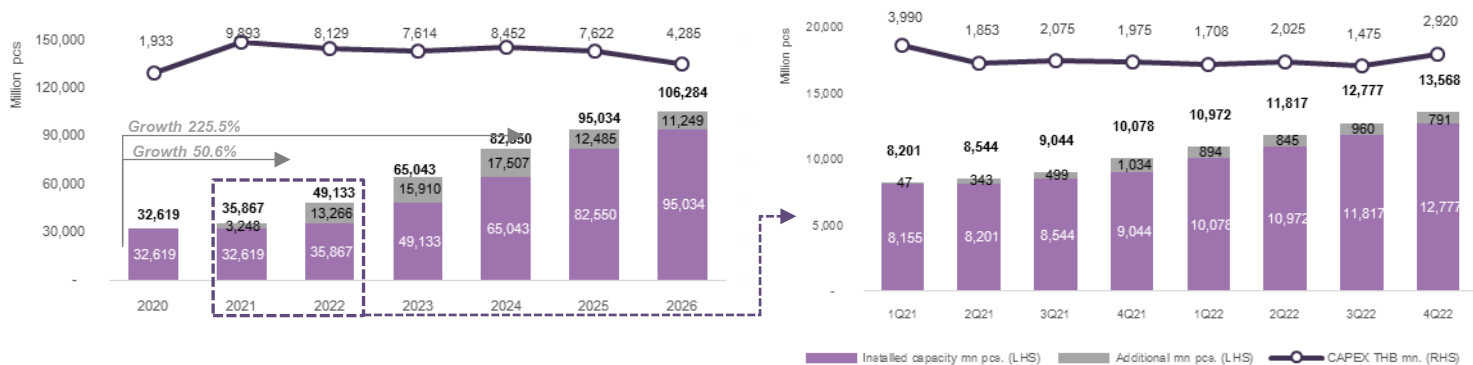
Liabilities & Shareholders' Equity (THB million)



Strategy and Expansion

With unique product mix (NR:NBR), production lines that can switch between producing NRPf and NBR gloves, and a production base in Thailand, the prime source of quality NR latex, we are well positioned to deliver high quality gloves to consumers worldwide at our maximum output. **We remain committed to an expansion plan to achieve 80 billion pieces in annual installed production capacity by 2024, which has already commenced and will be complete 2 years earlier than originally planned.** In YE21, two new plants in Surat Thani will start to provide additional capacity (SR2 in 1Q21 and SR3 in 2Q21). **By the end of 2022, our annual production capacity will reach 49.1 billion pieces, representing a 50.6% growth from 2020, with the potential product mix of 50% NR gloves and 50% NBR gloves.** Further cost-saving initiatives to achieve an even higher profit margin and return for shareholders continue to be in our focus. Commitment to the highest standards of good governance that benefit all stakeholders, particularly labor practices that are well known as the **"best-in-class workforce treatment"** and have received the top A rating in the amfori BSCI audit, will continue to be our pride and practice.

Installed Capacity & Estimated CAPEX (THB million)



3Q20 Key Financial Information (unit: million THB)

	3Q63	2Q63	% QoQ	3Q62 (Restated)	% YoY
Volume (in million pcs)	7,143.3	7,380.6	-3.2%	5,003.1	42.8%
Sales Revenue	8,142.1	4,856.8	67.6%	3,016.3	169.9%
COGS	(3,234.6)	(3,439.3)	-6.0%	(2,693.8)	20.1%
Gross profit	4,907.5	1,417.5	246.2%	322.5	1,421.9%
Other income	120.7	28.7	319.9%	15.4	684.1%
SG&A	(235.9)	(232.5)	1.4%	(186.3)	26.6%
Gain (loss) on exchange rate, net	139.2	(76.6)	NM	40.1	247.2%
Other gains, net	(108.8)	85.6	NM	(20.2)	438.2%
Operating profit (loss)	4,822.8	1,222.8	294.4%	171.4	2,713.0%
EBITDA	5,120.2	1,490.3	243.6%	376.1	1,261.3%
EBIT	4,831.7	1,223.8	294.8%	172.2	2,706.0%
Finance income	8.9	1.0	827.2%	0.7	1,099.2%
Finance costs	(32.0)	(38.5)	-16.9%	(46.8)	-31.6%
EBT	4,799.6	1,185.2	305.0%	125.4	3,727.8%
Tax	(397.7)	(128.4)	209.6%	(20.9)	1,801.1%
Net profit	4,401.9	1,056.8	316.5%	104.5	4,113.6%
GP margin	60.3%	29.2%	31.1%	10.7%	49.6%
EBITDA margin	62.9%	30.7%	32.2%	12.5%	50.4%
Net profit margin	54.1%	21.8%	32.3%	3.5%	50.6%
Financial Ratio					
Current ratio	6.51	6.01	8.2%	1.92	238.5%
Cash cycle (days)	48.10	23.42	105.3%	63.12	-23.8%
IBD/E	0.19	0.21	-8.7%	1.36	-85.8%
Interest coverage ratio	150.91	31.75	375.3%	3.68	4,001.7%
ROA	53.1%	15.4%	37.7%	3.2%	49.9%
ROE	69.9%	20.6%	49.3%	9.8%	60.1%

Sri Trang Gloves (Thailand) Public Company Limited ("STGT") is one of the world's largest producers of examination gloves. STGT has a total installed production capacity of 33 billion pieces per annum from production facilities located in strategic raw material locations in Thailand. STGT offers a wide range of high quality examination gloves for medical and non-medical purposes including Natural Rubber Powdered (NRPD), Natural Rubber Powdered-Free (NRPF) and Nitrile Butadiene Rubber (NBR) gloves that are distributed to more than 140 countries worldwide. STGT employs more than 7,700 people in all operating units worldwide including in Thailand, USA and the PRC. STGT is listed on the Stock Exchange of Thailand under Consumer Products/Personal Products & Pharmaceuticals sector. For more information, please visit www.sritranggloves.com

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