

Financial Result Overview

In 1Q21, we had THB 31,579.5 million in total revenue, growing 80.6% YoY and 20.3% QoQ. Revenue from NR products, which accounted for 50.9% of total revenue, increased 18.0% YoY and 30.2% QoQ to THB 16,088.6 million, driven by the ASP that rose 10.3% YoY and 9.1% QoQ alongside prices of NR and other commodities on the global markets. Sales volume also increased 7.0% YoY and 19.3% QoQ to 326,183 tons. Gross profit margin for NR products improved significantly to 11.2%.

Revenue from gloves, which accounted for 49.0% of total revenue, rose 303.3% YoY and 11.5% QoQ to THB 15,473.7 million on the back of a robust global demand amid the vaccine rollout in many countries, with the ASP increasing by 275.4% YoY and 20.3% QoQ. Sales volume, however, bore the brunt of the global container shortage and shipping congestion and declined by 7.3% QoQ to 6,744 million pieces. Gross profit margin for gloves reached a record high of 75.9%.

On the strength of our NR and glove businesses, we recorded an all-time-high net profit of THB 5,958.5 million or THB 3.88 per share in 1Q21, increasing 597.6% YoY and 8.4% QoQ. Gross profit margin and net profit margin rose to 42.9% and 18.9%, respectively.

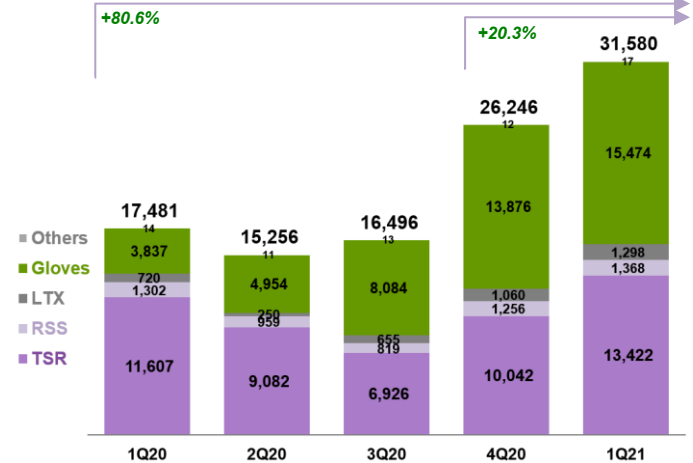
Key Financial Ratios

	1Q21	FY20
Gross profit margin	42.9%	28.9%
Adjusted gross profit margin**	43.0%	29.2%
EBITDA margin	38.2%	27.2%
Net profit margin	18.9%	12.6%
Current ratio (times)	1.93	1.77
Net D/E ratio (times)	0.18	0.11
Fixed asset turnover (times)*	4.23	2.53
Inventory Turnover (days)*	104.21	109.03
Collection Period (days)*	29.17	31.71
Payment Period (days)*	7.71	8.24

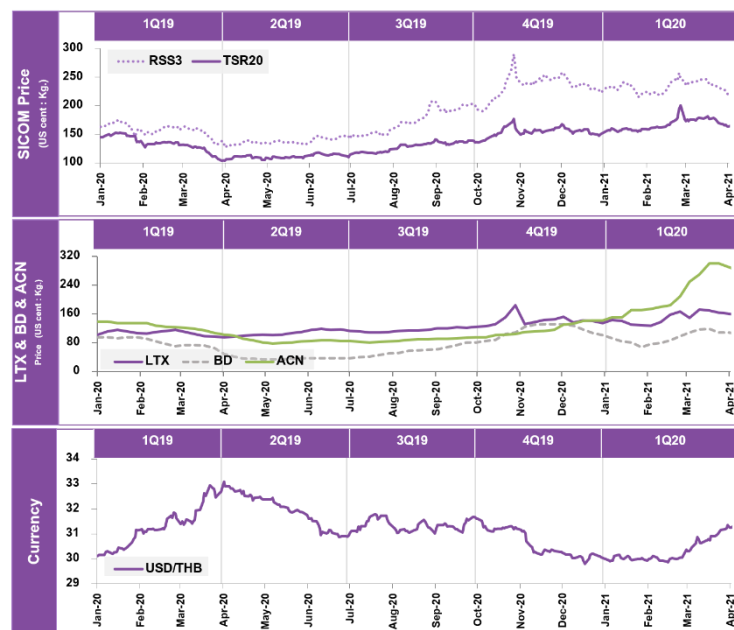
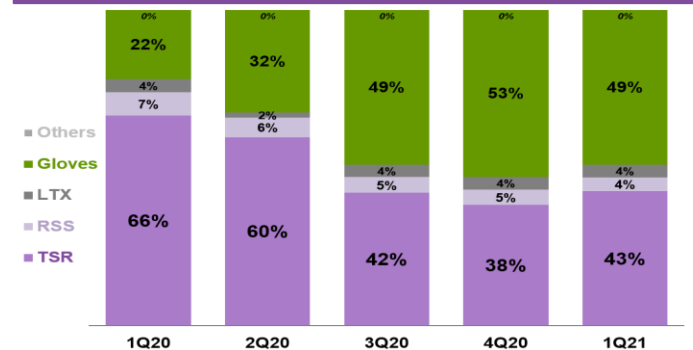
Note: *Annualised

** Adjusting for (reversal) allowance of inventory cost and realised items from hedging

Revenues by Product (THB million)



Revenues Breakdown by Product



ABBREVIATIONS:
RSS: Ribbed smoked sheet
LTX: Concentrated Latex
TSR: Technically specified rubber, which includes STR and SIR
BD: Butadiene
ACN: Acrylonitrile

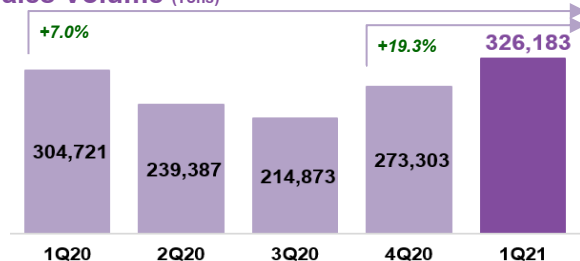


Statements of Comprehensive Income

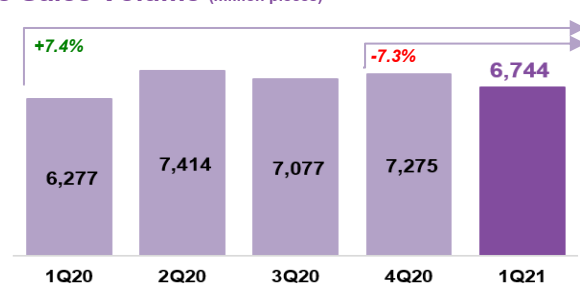
(Unit : THB million)	1Q21	1Q20	%YoY	4Q20	%QoQ
Revenue from sales of goods and services	31,579.5	17,481.1	80.6%	26,245.6	20.3%
Cost of sales and services	(18,027.2)	(15,015.4)	20.1%	(15,017.7)	20.0%
Gross profit (loss)	13,552.3	2,465.6	449.6%	11,227.8	20.7%
SG&A	(1,635.7)	(1,257.7)	30.1%	(1,338.0)	22.2%
Other income and dividend income	60.0	29.9	100.2%	103.5	-42.1%
Gain on exchange rates	452.0	6.9	6413.6%	77.3	484.7%
Other gain (loss)	(1,104.2)	(136.3)	710.2%	276.7	N/A
Operating profit (loss)	11,324.4	1,108.6	921.5%	10,347.3	9.4%
Share of profit (loss) from investments in JV	32.5	99.5	-67.3%	22.1	47.2%
EBITDA	12,059.3	1,870.6	544.7%	11,083.7	8.8%
EBIT	11,356.9	1,208.1	840.1%	10,369.4	9.5%
Finance costs	(176.0)	(204.7)	-14.0%	(166.4)	5.8%
Income tax (expense)	(831.9)	(80.5)	933.5%	(1,129.2)	-26.3%
Net Profit (loss) for the periods	10,373.7	927.1	1018.9%	9,103.9	13.9%
Attributed to owners of the parent	5,958.5	854.1	597.6%	5,498.9	8.4%
Attributed to non-controlling interests	4,415.2	73.0	5949.1%	3,604.9	22.5%

Revenue from products and services in 1Q20 was THB 31,579.5 million, growing 80.6% YoY and 20.3% QoQ on the back of the growth in both NR and glove businesses. Revenue from NR products, which accounted for 50.9% of total revenue, rose 18.0% YoY and 30.2% QoQ to THB 16,088.6 million, driven by the higher ASP and an increase in sales volume on the back of a pickup in demand from tire manufacturers. Revenue from gloves, which accounted for 49.0% of total revenue, rose 303.3% YoY and 11.5% QoQ to THB 15,473.7 million. The YoY growth in revenue was attributable to an increase in both ASP and sales volume following our capacity expansion, while the QoQ growth in revenue was driven by the higher ASP that reflected the robust global demand. Revenue from other products and services came in at THB 17.2 million.

NR Sales Volume (Tons)



Glove Sales Volume (million pieces)



Sales volume for NR products in 1Q21 grew 7.0% YoY and 19.3% QoQ to 326,183 tons. The increase in sales volume was driven by a pickup in demand across all products and geographic markets. We also benefited from the less intense industry competition and were able to gain market share and customer confidence. Geographically, China accounted for 48.0% of total sales volume, followed by other countries in Asia at 25.9% of total sales volume. Thailand made up 18.7% of total sales volume. Europe and the Americas, where sales volume more than doubled compared with 4Q20, constituted 4.6% and 2.9% of total sales volume, respectively.

Sales volume for gloves in 1Q21 rose 7.4% YoY to 6,744 million pieces following our capacity expansion, which enabled us to capture the surging global demand. However, compared with 4Q20, sales volume declined by 7.3% as the blockade of Suez Canal in late March exacerbated the already severe global container shortage and shipping congestion that continued from late 2020, particularly affecting shipments to Europe and the US, which together accounted for nearly half of our total sales volume. At the same time, our production facilities were running at full capacity with the utilization rate of 95%. The proportion of sales revenue between latex and nitrile gloves in 1Q21 was 54:46. Geographically, North America accounted for 39.6% of total sales revenue, followed by Asia at 25.7% of total sales revenue. Europe contributed 18.4% of total sales revenue, while Latin America, Africa and the Middle East made up 9.2%, 3.3% and 3.1% of total sales revenue, respectively. Other regions accounted for 0.7% of total sales revenue.



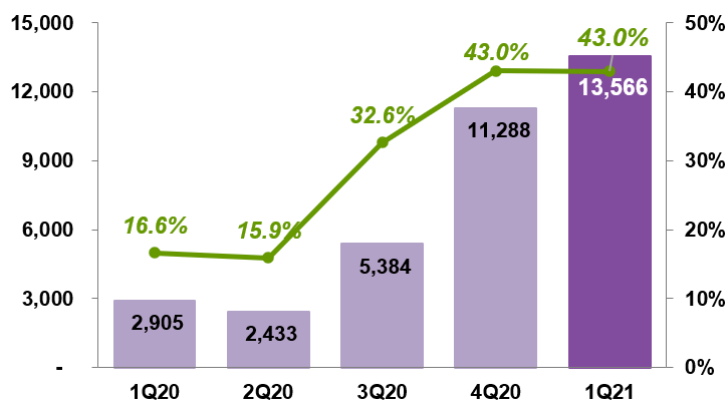
Revenue by Product (THB million)

	1Q21	1Q20	% YoY	4Q20	% QoQ
TSR	13,422.3	11,607.4	15.6%	10,042.4	33.7%
%	42.5%	66.4%		38.3%	
Gloves	15,473.7	3,837.2	303.3%	13,875.8	11.5%
%	49.0%	22.0%		52.9%	
RSS	1,368.4	1,302.5	5.1%	1,255.7	9.0%
%	4.3%	7.5%		4.8%	
LTX	1,297.9	720.1	80.2%	1,059.5	22.5%
%	4.1%	4.1%		4.0%	
Other*	17.2	13.9	24.1%	12.2	41.0%
%	0.1%	0.1%		0.0%	
Total	31,579.5	17,481.1	80.6%	26,245.6	20.3%

Note*: Comprised revenue from (i) the sale of rubber wood and wood packing product and (ii) the provision of certain services (such as logistics, research and development and information technology services) to our associates and a joint venture entity as well as other third parties.

Gross profit in 1Q21 was THB 13,552.5 million, significantly up from THB 2,465.6 million in 1Q20 and THB 11,277.8 million in 4Q20 and growing 449.6% YoY and 20.7% QoQ. The increase in gross profit was attributable to: 1) in our NR operations, a pickup in demand across all products and the higher ASP as well as the less intense industry competition after some competitors have ceased operation, which created opportunities for us to gain market share and customer confidence; and 2) in our glove operations, the higher ASP that reflected the robust global demand amid the vaccine rollout in many countries. Gross profit margin for NR products significantly improved to 11.2% from 8.6% in 4Q20 and almost remained from 1Q20 at 11.6%, while gross profit margin for our gloves reached a record high of 75.9% in 1Q21. The overall gross profit margin in 1Q21 was 42.9%, an improvement over 14.1% in 1Q20 and 42.8% in 4Q20. Taking account of the reversal of inventory allowance in the amount of THB 58.8 million and realized gains from currency exchange and NR hedging transactions of THB 72.8 million, our adjusted gross profit margin in 1Q21 would be 43.0%, up from 16.6% in 1Q20 and unchanged from 43.0% in 4Q20.

Adjusted GP and GPM* (Unit: THB million)



Note: *Adjusting for (reversal) allowance of inventory cost and realised items from hedging activities

Operating profit in 1Q21 was THB 11,324.4 million and operating profit margin was 35.9%, a substantial improvement over THB 1,108.6 million in 1Q20 and THB 10,347.3 million in 4Q20 thanks to the increased profitability

of our NR and gloves operations. We also recorded THB 452.0 million in currency exchange gains in the normal course of business, which partly offset THB 1,104.2 million in losses from currency exchange and NR hedging transactions. But such losses mainly consisted of unrealized currency exchange losses that can fluctuate with movements of THB against USD. SG&A came in at THB 1,635.7 million, increasing 30.1% YoY and 22.2% QoQ largely because of substantially higher freight costs as well as higher CESS, which was a corollary of an increase in exports. We also recorded THB 60.0 million in other income, which largely consisted of income from the sale of waste material from production. At the end of 1Q21, we had THB 1,324.1 million in gains from the net realizable value of our inventory*, which reflected purchase orders that are to be delivered in the coming quarters. Note: *Inventory of TSR, RSS and LTX is stated at lower of cost or net realizable value. Under the Thai Financial Reporting Standards, inventory gains or losses cannot be recognized until the time of actual sale. The value of inventory varies over time, until it is stated at the actual selling price at the time of sale.

Share of profits from associates and joint ventures in 1Q21 was THB 32.5 million, dropping 67.3% YoY as a result of a decrease in share of profits from NR joint ventures but increasing 47.2% QoQ because of a pickup in demand in both NR and hydraulic hoses JV.

Net profit in 1Q21 was THB 5,958.5 million, a new record and a considerable improvement over THB 854.1 million in 1Q20 and THB 5,498.9 million in 4Q20 and growing 597.6% YoY and 8.4% QoQ. The growth in net profit derived from the strength of our glove business and a pickup in demand in our NR operations. Finance costs in 1Q21 came in at THB 176.0 million, decreasing 14.0% YoY as a result of lower average interest rate and lesser loan amount, but increasing 13.8% QoQ because short-term borrowings for working capital for the purchase of NR raw materials increased in tandem with purchase orders.

In 1Q21, our glove business continued to be instrumental in driving the growth in revenue and net profit of Sri Trang Group. Our NR business, meanwhile, saw a rebound in selling prices and a pickup in demand. We are confident that we will be able to increase our market share and see higher growth than the overall industry. Following the new outbreak of COVID-19 in Thailand, we have set up the **“Sri Trang Group Sharing Love with the Local Communities 2” project to provide at least 4.5 million pieces** of medical gloves to various organizations to support the fight against COVID-19.



Business Segmentation Analysis



Technically Specified Rubber (TSR)

Revenue from TSR accounted for 42.5% of total revenue and rose 15.6% YoY and 33.7% QoQ.

The YoY and QoQ growth in revenue was driven by the ASP that increased 8.0% YoY and 10.4% QoQ alongside prices of NR and other commodities on the global markets. Sales volume also rose 7.1% YoY and 21.1% QoQ as a result of a pickup in demand from tire manufacturers.

However, with a large amount of purchase orders that are to be fulfilled in 2Q21, we strategised to stock up on raw materials before the start of the wintering season in late February, while at the same time NR prices continued their upward trajectory from late 2020. This caused our raw material costs for TSR to be higher in 1Q21 and our gross profit margin to be lower than in 1Q20 as a result. But the gross profit margin still improved compared with 4Q20.



Gloves

Revenue from gloves accounted for 49.0% of total revenue and rose 303.3% YoY and 11.5% QoQ.

The YoY growth in revenue was driven by the ASP that increased 275.4% because of a surge in demand and sales volume that grew 7.4% on the back of our capacity expansion.

The QoQ growth in revenue was driven by the ASP that increased 20.3%. Sales volume, however, slightly declined by 7.3% as a result of the global container shortage and shipping congestion that continued from 4Q20, affecting shipments to Europe and the US in particular. At the same time, our production facilities continued to operate at full capacity to capture the robust global demand. The increase in ASP could totally offset the increase in prices of NR and NBR latex, which did not go up to the same extent as in 4Q20.

As a result, gross profit margin for gloves again reached another record high in 1Q21.

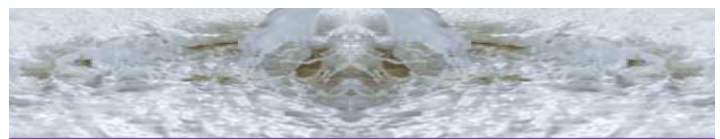


Ribbed Smoked Sheet (RSS)

Revenue from RSS accounted for 4.3% of total revenue and grew 5.1% YoY and 9.0% QoQ.

The YoY and QoQ growth in revenue resulted from the ASP that rose 41.7% YoY and 12.4% QoQ in tandem with NR prices on the global markets. Sales volume, however, was down 25.9% YoY and 3.1% QoQ because of lower demand as RSS has largely been replaced by TSR in tire manufacturing. And with a lot of rubber farmers choosing to produce field latex instead of unsmoked sheets, we had to strategically manage our sales volume in order to achieve the targeted gross profit margin.

Gross profit margin for RSS was slightly down from 1Q20 but substantially increased from 4Q20.



Concentrated Latex (LTX)

Revenue from LTX accounted for 4.1% of total revenue and rose 80.2% YoY and 22.5% QoQ.

The YoY and QoQ growth in revenue was driven by sales volume that went up 44.3% YoY and 20.8% QoQ as a result of a strong demand from glove producers. We were also able to procure higher volume of field latex during the harvest season (from November through February) and increase the proportion of sales to customers outside of Sri Trang Group during a period when prices were high. The ASP increased substantially by 24.9% YoY but only slightly by 1.4% QoQ as LTX prices had already moved up considerably in 3Q20.

With the improved ability to procure raw material to serve market demand, gross profit margin for LTX reached a record high in 1Q21.

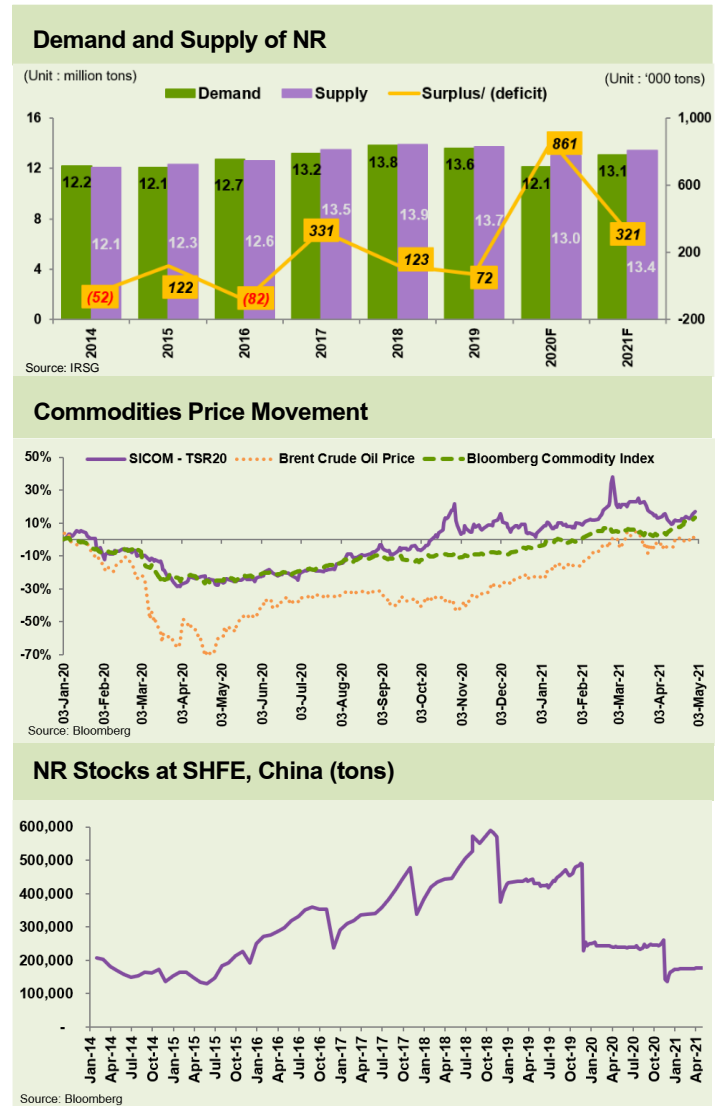


Natural Rubber Industry Outlook

As the global economy started to emerge from the pandemic-induced downturn and economic activities picked up, one change brought about by COVID-19 as part of the so-called “new normal” is a decline in the use of public transport and an increase the use of personal vehicles. This is reflected in an increase in the average distance traveled by personal cars in the US, a result of the switch to personal cars from airlines in interstate travel and the switch to land freight because of the global shipping congestion. This development has led to an increase in NR demand in the replacement market for tires for bicycles, motorcycles, cars as well as trucks. The global container shortage and shipping congestion that continued amid a pickup in consumer demand has also caused the buffer stock of tire manufacturers in many countries to dwindle.

On the supply side, 1Q21 coincided with the wintering season in Thailand (From March until mid-May). This led NR prices to continue their upward trajectory from late 2020 alongside prices of other commodities. The price of TSR20 on SICOM reached the quarterly high of 200.0 cent/kg and the average price in 1Q21 was 167.0 cent/kg, increasing 8.1% QoQ and 25.1% YoY.

In 2Q21, the pickup in demand from tire manufacturers is expected to keep NR prices at high levels. What remains to be seen are NR supply after the end of wintering season in late May and the purchasing power of producers of TSR, RSS AND LTX following financial problems encountered by some, as well as the NR stock at the Shanghai Futures Exchange (SHFE), which at the end of March 2021 was at 176,000 tons, a slight increase from 173,000 tons at the end of December 2020, but substantially dropping by 66,000 tons, from 242,000 tons at the end of March 2020.



Progress of Our Business Growth Plan throughout the Supply Chain

Upstream Business – approximately 7,200 hectares of rubber plantations

As of 31 March 2021, we had approximately 7,200 hectares of rubber plantations in 19 provinces of Thailand, with the majority located in the north and northeast. We estimate that in 2021, the rubber trees that can be tapped will account for around 58% of total rubber trees, up from 25% in 2020.

We have received Forest Management Certification and Chain-of-Custody Certification from the Forest Stewardship Council (FSC), making us the world's first fully integrated NR producer to be recognized by the FSC throughout the supply chain.

Midstream Business – maintaining profitability and moving toward “STA 20”

As of 31 March 2021, our 34 NR processing plants (30 in Thailand, 3 in Indonesia, and 1 in Myanmar) provided 2.81 million tons per annum in installed production capacity, a decrease from the previous quarter as we have ceased production at 2 RSS processing plants in Thailand whose production capacity totaled 29,837 tons per annum. We have sold to STGT one plot of land for use in its capacity expansion. Our processing plant in Myanmar accounted for 0.3% of total installed production capacity and can continue to operate and fulfill purchase orders.

We plan to introduce more automation to our production process in order to improve efficiency, reduce energy consumption and become more environmentally friendly. We have launched the application “SRITRANG FRIENDS” to facilitate raw material procurement in Thailand and to reduce operation costs as well.

Downstream Business – reaching an annual installed production capacity of 50 billion pieces by 2022 and 80 billion pieces by 2024

Sri Trang Gloves (Thailand) Public Company Limited (“STGT”), one of Sri Trang Group’s flagship companies, in which STA has 56.2% in direct and indirect shareholding, engages in the production and distribution of latex and nitrile examination and industrial gloves to customers in over 140 countries around the world. STGT has offices in Thailand, China and the US. With an annual installed production capacity of 33.3 billion pieces as of 31 March 2021, STGT is Thailand’s largest glove producer and is ranked among the world’s leading producers. In 2020, STGT had a market share of 8% of global glove consumption.

STGT is committed to achieving an annual production capacity of 50 billion pieces by 2022 and 80 billion pieces by 2024, with details of the expansion as follows:

Project	Commercial Run	Installed Capacity (mill.pcs.)
I. Surat Thani (SR2)	2Q21	2,177
II. Surat Thani (SR3)	2Q21	3,992
III. Sadao, Songhla (Sadao)	3Q21	2,903
IV. Trang (TG3)	4Q21	7,258

At the end of 2021, STGT will have 36 billion pieces in annual installed production capacity.

