

## Financial Result Overview

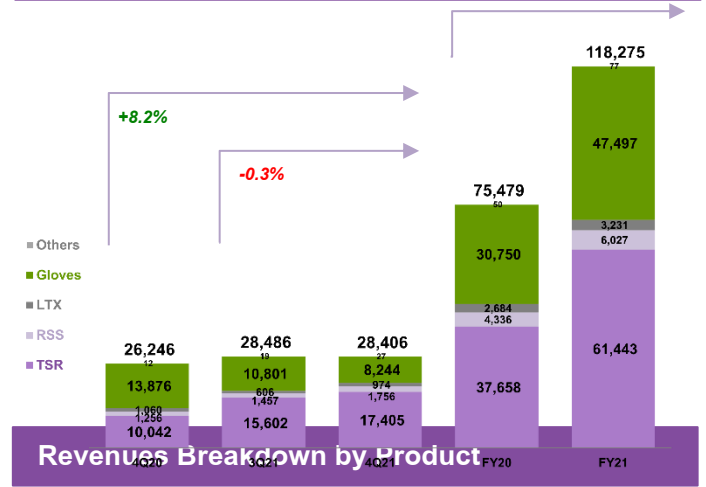
### An All-Time-High Net Profit

In FY21, on the strength of record performances from both core businesses, we recorded THB 118,275.4 million in revenue, growing 56.7% YoY, and a net profit of THB 15,846.7 million, increasing 66.3% YoY, or THB 10.3 per share, with a net profit margin of 13.4%.

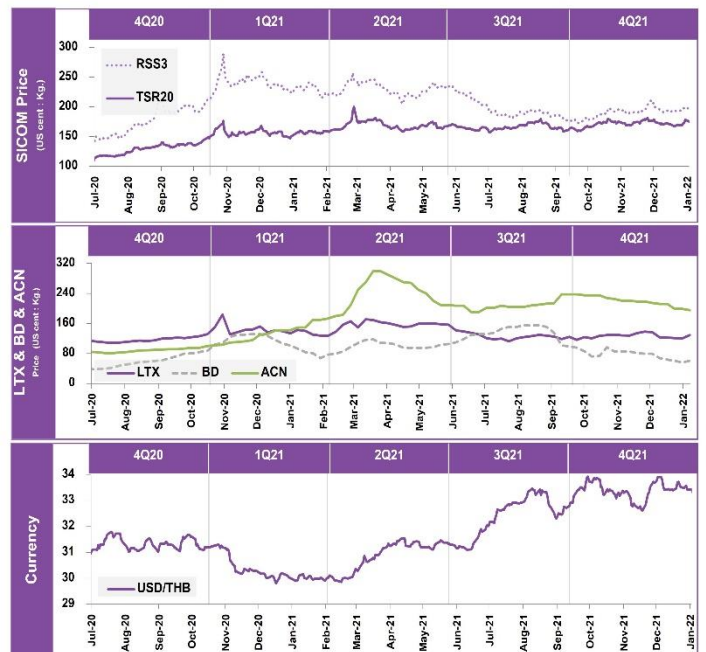
Revenue from our natural rubber (NR) business came in at THB 70,701.1 million, accounting for 59.8% of total revenue and growing 58.6% YoY on the back of a strong rebound in demand. Sales volume across all NR products was 1,294,724 tons, increasing 25.4% YoY, a growth that was higher than the growth in global NR consumption in 2021 of 9.4%. As a result, our market share in FY21 (including consumption from STGT) increased to 10% of global NR consumption, up from 9% in FY2020. Our average selling price (ASP) increased 26.0% YoY and was higher than the average price of TSR20 on SICOM in FY21 of 167.8 cent/kg. With improved competitiveness and effective cost management, gross profit margin of our NR business in FY21 was 12.5%, a new high.

Our gloves business recorded THB 47,497.2 million in revenue, which accounted for 40.2% of total revenue and grew 54.5% YoY alongside the growing global demand. The ASP rose 58.6% on the back of robust global demand. Sales volume, meanwhile, decreased 2.6% as a result of the temporary suspension of production following an outbreak of COVID-19 in 2Q21 as well as the global container shortage and shipping congestion that persisted throughout the year.

## Revenues by Product (THB million)



## Revenues Breakdown by Product



ABBREVIATIONS  
RSS: Ribbed smoked sheet  
LTX: Concentrated latex  
TSR: Technically specified rubber, which includes TSR and SR  
BD: Brindone  
ACN: Acrylonitrile



## Extraordinary Events

1) A shareholding restructure of Premier System Engineering and PS Sadao Rubber, where all shares held by STA were sold to Sri Trang Gloves (Thailand) Public Limited Company (STGT) to support the business expansion of STGT, in accordance with the resolution of the extraordinary meeting of shareholders of STGT on 25 December 2020, effective from 7 January 2021 onwards.

2) A fire incident at the expansion part of the Surat Thani Plant 2 (SR2) in February 2021, for which STGT received THB 50.9 million in insurance claims and which affected no more than 200 million pieces of our annual production capacity in FY21.

3) The outbreak of COVID-19 in 2Q21, which led to a temporary suspension of production for 8 days at the Surat Thani plants and for 19 days at the Trang plants in May-June and affected 800 million pieces in production output.

## Key Financial Ratios

	FY21	FY20
Gross profit margin	32.2%	28.9%
Adjusted gross profit margin*	32.7%	28.9%
EBITDA margin	27.4%	27.2%
Net profit margin	13.4%	12.6%
Current ratio (times)	2.20	1.77
Net D/E ratio (times)	0.41	0.25
Fixed asset turnover (times)	3.41	2.53
Inventory Turnover (days)	115	109
Collection Period (days)	26	32
Payment Period (days)	7	8

Note: \*Annualised

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

## Statements of Comprehensive Income

(Unit : THB million)	4Q21	4Q20	%YoY	3Q21	%QoQ	FY21	FY20	%YoY
<b>Revenue from sales of goods and services</b>	<b>28,406.1</b>	<b>26,245.6</b>	<b>8.2%</b>	<b>28,486.1</b>	<b>-0.3%</b>	<b>118,275.4</b>	<b>75,478.7</b>	<b>56.7%</b>
Cost of sales and services	(23,004.9)	(15,017.7)	53.2%	(20,331.8)	13.1%	(80,216.4)	(53,697.5)	49.4%
<b>Gross profit (loss)</b>	<b>5,401.2</b>	<b>11,227.8</b>	<b>-51.9%</b>	<b>8,154.2</b>	<b>-33.8%</b>	<b>38,058.9</b>	<b>21,781.3</b>	<b>74.7%</b>
SG&A	(2,596.5)	(1,338.0)	94.1%	(2,014.8)	28.9%	(7,927.2)	(4,782.7)	65.7%
Other income and dividend income	56.3	103.5	-45.6%	259.0	-78.3%	422.0	349.4	20.8%
Gain on exchange rates	(217.9)	77.3	-381.8%	189.7	-214.8%	474.4	267.8	77.1%
Other gain (loss)	97.0	276.7	-65.0%	(714.6)	-113.6%	(1,835.5)	(80.9)	2169.7%
<b>Operating profit (loss)</b>	<b>2,740.1</b>	<b>10,347.3</b>	<b>-73.5%</b>	<b>5,873.6</b>	<b>-53.3%</b>	<b>29,192.6</b>	<b>17,535.1</b>	<b>66.5%</b>
Share of profit (loss) from investments in JV	67.6	22.1	206.5%	68.3	-0.9%	241.4	168.6	43.2%
<b>EBITDA</b>	<b>3,578.4</b>	<b>11,083.7</b>	<b>-67.7%</b>	<b>6,691.5</b>	<b>-46.5%</b>	<b>32,439.4</b>	<b>20,505.0</b>	<b>58.2%</b>
<b>EBIT</b>	<b>2,807.8</b>	<b>10,369.4</b>	<b>-72.9%</b>	<b>5,941.8</b>	<b>-52.7%</b>	<b>29,434.0</b>	<b>17,703.7</b>	<b>66.3%</b>
<b>Financial incomes</b>	<b>30.6</b>	<b>30.2</b>	<b>1.2%</b>	<b>28.2</b>	<b>8.5%</b>	<b>113.2</b>	<b>51.3</b>	<b>120.6%</b>
Finance costs	(228.9)	(166.4)	37.6%	(213.5)	7.2%	(828.7)	(690.9)	19.9%
Income tax (expense)	(189.8)	(1,129.2)	-83.2%	(569.4)	-66.7%	(2,541.6)	(1,667.5)	52.4%
<b>Net Profit (loss) for the periods</b>	<b>2,419.7</b>	<b>9,103.9</b>	<b>-73.4%</b>	<b>5,187.1</b>	<b>-53.4%</b>	<b>26,176.9</b>	<b>15,396.6</b>	<b>70.0%</b>
Attributed to owners of the parent	1,613.7	5,498.9	-70.7%	3,230.8	-50.1%	15,846.7	9,531.2	66.3%
Attributed to non-controlling interests	806.0	3,604.9	-77.6%	1,956.4	-58.8%	10,330.2	5,865.4	76.1%

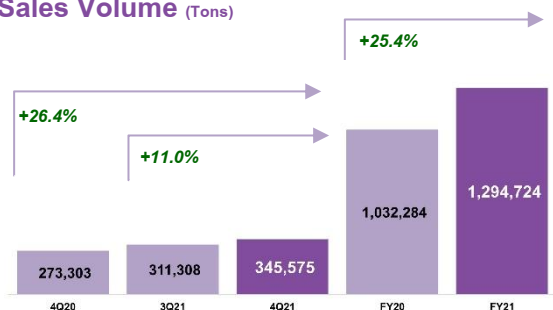


**Total revenue from products and services** in FY21 was THB 118,275.4 million, growing 56.7% YoY. Revenue from NR products increased 58.6% YoY to THB 70,701.1 million because of the ASP that increased 26.2% YoY alongside NR prices on the global markets and sales volume that increased 25.4% YoY as we gained higher market share. Revenue from gloves was THB 47,497.2 million, growing 54.5% YoY on the back of the ASP that rose 58.6% YoY. Sales volume, however, decreased 2.6% YoY because of the COVID outbreak at the production facilities in 2Q21 and the global container shortage and shipping congestion that persisted throughout the year. Revenue from other products and services came in at THB 77.0 million.

**Sales volume for NR products** was 1,294,724 tons, increasing 25.4% YoY across all products and geographic markets as demand rebounded. Sales volume for TSR and RSS saw robust growth in tandem with a pickup in demand from the tire industry. Our production output in FY21 accounted for 10% Thailand's total production output, up from 9% in FY20 as our competitiveness improved. Our utilization rate in FY21 was 70%, up from 55% in FY20.

Geographically, China remained our largest market, accounting for 51.3% of total sales volume, followed by other countries in Asia at 17.8%. Thailand made up 17.1% of total sales volume, while the Americas and Europe accounted for 7.3% and 6.2% of total sales volume, respectively. Sales to Europe and the Americas continued to increase throughout the year.

### NR Sales Volume (Tons)



**Sales volume for gloves** was 27,304 million pieces, down 2.6% YoY as a result of the temporary suspension of production for 8 days at the Surat Thani plants and for 19 days at the Trang plants in May-June 2021 following an outbreak of COVID-19, as well as the global container shortage and shipping congestion that persisted throughout the year. Our utilization rate in FY21 was 87%, down from 95% in FY20. Revenue from NR gloves accounted for 59% of total revenue while revenue from NBR gloves made up 41% of total revenue.

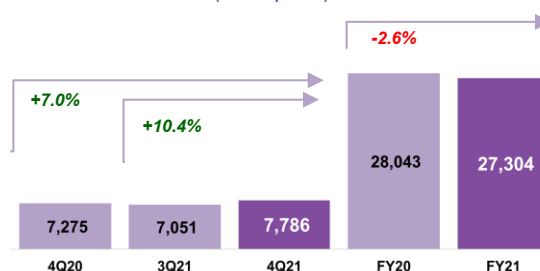
### Revenue by Product (THB million)

	FY21	FY20	% YoY	4Q21	4Q20	% QoQ
<b>TSR*</b>	<b>61,442.8</b>	<b>37,657.8</b>	<b>63.2%</b>	<b>17,504.4</b>	<b>10,042.4</b>	<b>73.3%</b>
%	51.9%	49.9%		61.3%	38.3%	
<b>Gloves</b>	<b>47,497.2</b>	<b>30,750.4</b>	<b>54.5%</b>	<b>8,243.8</b>	<b>13,875.8</b>	<b>-40.6%</b>
%	40.2%	40.7%		29.0%	52.9%	
<b>RSS</b>	<b>6,027.4</b>	<b>4,336.0</b>	<b>39.0%</b>	<b>1,756.0</b>	<b>1,255.7</b>	<b>39.8%</b>
%	5.1%	5.7%		6.2%	4.8%	
<b>LTX</b>	<b>3,230.8</b>	<b>2,684.2</b>	<b>20.4%</b>	<b>973.9</b>	<b>1,059.5</b>	<b>-8.1%</b>
%	2.7%	3.6%		3.4%	4.0%	
<b>Other**</b>	<b>77.0</b>	<b>50.3</b>	<b>53.3%</b>	<b>27.0</b>	<b>12.2</b>	<b>121.1%</b>
%	0.1%	0.1%		0.1%	0.0%	
<b>Total</b>	<b>118,275.4</b>	<b>75,478.7</b>	<b>56.7%</b>	<b>28,406.1</b>	<b>26,245.6</b>	<b>8.2%</b>

Note: \*Revenue from TSR is net from hedge accounting.  
 \*\*Revenue from LTX between the Sri Trang Group increased but this amount was deducted from the consolidated financial statement.  
 \*\*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.

Geographically, Asia was our largest market at 33.4% of total sales revenue, followed by North America and Europe at 23.6% and 17.7% respectively. South America accounted for 15.0% of total sales revenue. Africa and the Middle East made up 5.8% and 4.0% of total sales revenue, respectively. Other regions accounted for 0.5% of total sales revenue.

### Glove Sales Volume (million pieces)

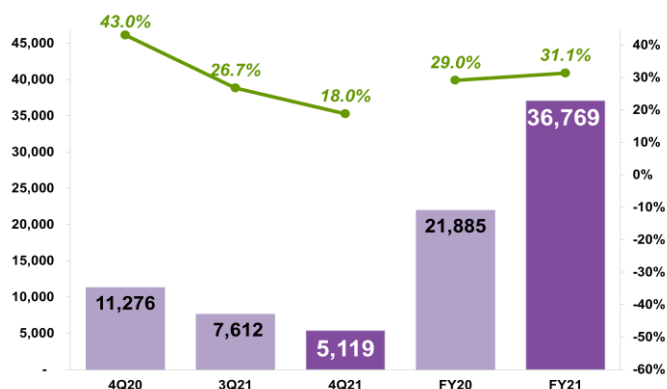


**Gross profit** was THB 38,058.9 million, a significant increase of 74.7% YoY from THB 21,781.3 million in FY20. Gross profit margin was 32.2%, up from 28.9% in FY20. The growth in gross profit came on the strength of both core businesses. *Gross profit in the NR business* grew 113.9% YoY on the back of a pickup in demand from tire manufacturers, which was reflected in the higher NR prices on the global markets. But the crucial factors that contributed to the growth in gross profit were our effective cost management and the ASP which, at 170.8 cent/kg was higher than the average NR price on the global markets. As a result, gross profit margin for the NR business increased from 9.3% in FY20 to 12.5% in FY21, the higher in over 34 years of operation. Meanwhile, *gross profit for glove business* grew 65.5% YoY despite lower sales volume because of the temporary suspension of production following an outbreak of COVID-19 and the global container shortage and shipping congestion that particularly affected shipments to the US and Europe.



The increase in raw material costs for both NR and NBR latex was offset by the increase in ASP. Gross profit margin for the glove business in FY21 was 61.4%, up from 57.3% in FY20. Taking account of the reversal of inventory allowance in the amount of THB 3.9 million and realized losses from hedging transactions of THB 1,294.3 million, our adjusted gross profit margin in FY21 would be 31.1%, up from 29.0% in FY20.

### Adjusted GP and GPM\* (Unit: THB million)



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

**Operating profit** in FY21 was THB 29,192.6 million and operating profit margin was 24.7%, a substantial increase from THB 17,535.1 million in FY20. This can be attributed to the strong performance and improved profitability of our NR business and the growth of our glove business, despite THB 1,835.5 million in losses from currency exchange transactions, which were partially offset by THB 474.4 million in currency exchange gains in the normal course of business.

Administrative and selling expenses (SG&A) were THB 7,927.2 million, increasing 65.7% YoY. The increase is mainly attributed to freight expenses that substantially increased as well as CESS that increased in tandem with increased export volume. Administrative expenses also increased 19.3% YoY in tandem with operational growth and as a result of one-time expenses related to the temporary suspension of production at our glove production facilities in 2Q21. Other income in FY21 was THB 422.0 million, including the THB 149.6 million that STGT received from the Rubber Authority of Thailand as part of the interest rate subsidy program as well as the THB 50.9 million in insurance claims for the fire incident at the expansion part of SR2 and the THB 72.9 million from the sale of production waste. At the end of FY21 we had THB 1,229.5 million in gains from the net realizable value of inventory (NRV)\*.

Note: \*Inventory balance of the Company at net realizable value (NRV), for only RSS, LTX and TSR, is at lower of cost or net realizable value. Under the Thai Financial Reporting Standards, such surplus from inventories is not allowed to be recognized in the profit and loss until the inventories are actually sold. The amount of such difference changes over time depending on the actual price at the time of sale.

**Share of profits from investments in associates and joint ventures** in FY21 was THB 241.4 million, up 43.2% YoY on the strength of the outstanding performance of both NR and high-pressure hydraulic hose joint ventures.

**Net Profit** in FY21 was THB 15,846.7 million, an improvement over THB 9,531.2 million in net profit in FY20. Net profit margin was 13.4%. The growth in net profit was driven by two core businesses, with the glove business growing alongside global demand and the NR business experiencing a strong rebound with higher market share in both domestic and overseas markets. Finance costs in FY21 rose 19.9% YoY to THB 828.7 million as a result of the borrowings for working capital for the purchase of raw materials that increased in tandem with sales volume. Our effective interest rate, meanwhile, was lower, in contrast to the overall market trend.

**In short**, our glove business continued to grow alongside the growing global demand and our NR business experienced a pick up in both the ASP and sales volume. We are confident that our NR business will be able to gain more market share and achieve higher growth than the overall industry. The scarcity of NR supply in Indonesia, which caused prices NR raw materials in that country to be higher than SICOM prices, resulting in NR prices in Indonesia being the highest in the world for three consecutive years, has led non-China tire manufacturers, which originally preferred NR from Indonesia, to consume more NR from other countries including Thailand. As a result, we have decided to expand our TSR production capacity to serve the growing market demand as well as to increase our market share at 14 processing facilities in Phitsanulok, Loei, Chiang Rai in the north, in Buengkan, Sakon Nakorn, Kalasin, Burirum, Sa Kaeo, Mukdahan in the northeast and in Trang, Surat Thani, Narathiwat in the south. The expansion projects will require THB 6,600 million in capital expenditure, which will be funded by retained profits and bonds, to which we have access at a rate lower than the market rate, and is expected to be completed in 2022-2023.



## Business Segmentation Analysis



### Technically Specified Rubber (TSR)

Revenue from TSR, which accounted for 51.9% of total revenue, grew 63.2% YoY.

The growth in TSR revenue came on the strength of the ASP that rose 26.4% YoY and was higher than the average price of TSR20 on SICOM in FY21 at 167.8 cent/kg. Sales volume also increased 29.1% YoY, higher than the growth in global NR consumption as we successfully increased our market share, benefiting from a less competitive industry landscape where many competitors have encountered liquidity problems and lacked financial means to purchase raw materials.

Gross profit margin for TSR continued to improve and reached a record high.



### Gloves

Revenue from gloves, which accounted for 40.2% of total revenue, grew 54.5% YoY.

The growth in revenue came on the back of the ASP that rose 58.6% from growing global demand. Sales volume, however, declined 2.6% because of the temporary suspension of production at the Surat Thani and Trang plants following an outbreak of COVID-19, as well as the global container shortage and shipping congestion. Raw material prices went up slightly from FY20, as NR latex prices rose in tandem with NR prices on the global market while NRB latex prices decreased as a result of increased production capacity. But the increase in raw material prices was offset by the increase in ASP.

As a result, gross profit margin improved significantly from FY20.



### Ribbed Smoked Sheet (RSS)

Revenue from RSS, which accounted for 5.1% of total revenue, grew 39.0% YoY.

The growth in RSS revenue came because of the ASP that rose 31.7% YoY and was higher than the average price of RSS3 on SICOM in FY21 at 208.1 cent/kg. Sales volume also increased 5.5% YoY as demand continued to grow.

As a result, gross profit margin for RSS increased significantly from FY20.



### Concentrated Latex (LTX)

Revenue from LTX, which accounted for 2.7% of total revenue, grew 20.4% YoY.

The growth in LTX revenue came on the back of the ASP that rose 14.8% YoY, alongside the ASP of TSR and RSS, as well as from sales volume that increased 4.8% YoY. Despite higher sales volume to STGT, we successfully sourced enough raw materials and were able to allocate sales to customers from outside the Group (Sales to STGT are deemed connected transactions and are not stated in the consolidated financial statements.).

Gross profit margin for LTX also improved significantly from FY20.



## Natural Rubber Industry Outlook

Unit : 000'tons	2021F	2022F	2023F
<b>NR production</b>	<b>13,789</b>	<b>14,268</b>	<b>15,203</b>
% change	5.7%	3.5%	2.7%
<b>NR consumption</b>	<b>13,878</b>	<b>14,290</b>	<b>14,776</b>
% change	9.4%	3.0%	3.4%
<b>NR surplus/(deficit)</b>	<b>(90)</b>	<b>(21)</b>	<b>26</b>

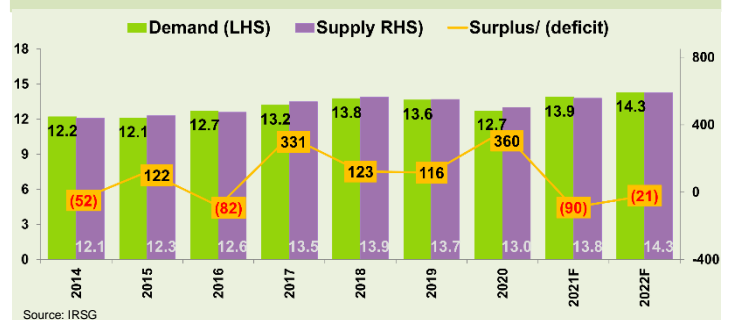
According to the World Rubber Industry Outlook, Review and Prospects to 2030, published in December 2021 by the International Rubber Study Group (IRSG), NR demand in 2021 was at 13.9 million tons, increasing 9.4% from 2020, with the five largest NR-consuming countries being China, Europe, India, the US and Thailand. By the IRSG's estimates, demand from India, Europe and the US is grew more than the overall growth in global demand.

Global NR supply in 2021 was 13.8 million tons, up 5.7% from 2020 mainly due to the easing of lockdown measures in some countries driven the demand to recover, as well as the high price level of NR that induces rubber farmers to increase tapping activities. However, when considering the output of the world's second-largest producing country, Indonesia, it was found that Indonesia's NR output in 2017 was 3.50 million tons. Then, in late 2018, a rubber plantation in Indonesia faced an outbreak of leaf fall disease caused by the fungus. This disease was outbreak during the low NR prices and impacted rubber trees, which were lacked of maintenance and fertilizers, as well as affected Indonesia's NR supply in the long term. As a result, we have seen that Indonesia's NR supply has been decreased since 2017. In 2020 and 2021, Indonesia had NR rubber output of 2.8 and 2.9 million tons, respectively.

The IRSG estimates that global NR demand in 2022 will be 14.3 million tons, growing 3% from 2021, with the largest consuming countries being China, Europe, India, the US and Thailand. The growth in demand from India and the US is expected to be higher than the overall growth in global demand, driven by higher consumption. Likewise, demand from Thailand and Malaysia is also expected to be higher, fueled by demand from glove producers.

Source: International Rubber Study Group (IRSG), The World Rubber Industry Outlook, Review and Prospects to 2030, December 2021

## Demand and Supply of NR (After COVID-19)



## NR Demand & Supply Balance

Previously, the IRSG expected an oversupply of NR in 2021, a result of an increase in planting area during a period of high NR prices from 2010 to 2012, which saw the total area of rubber plantations in the Asia-Pacific and South African regions expand substantially. However, the outbreak of COVID-19, which disrupted tapping, and the fungal disease in Indonesia, led to lower-than-expected supply. This, coupled with a pickup in demand from tire manufacturers and other NR-consuming industries, led to IRSG to come up with a revised estimate of a supply deficit of 90,000 tons in 2020 and a supply deficit of 21,000 tons in 2021.



## Progress of Our Business Growth Plan throughout the Supply Chain

### Upstream Business – approximately 7,200 hectares of rubber plantations and other economic crops

As of 31 December 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, rubber tapping trees will make up around 25% of total rubber trees, up from 11% in the previous year. Furthermore, 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.



For the hemp business, Sri Trang Rubber and Plantation Company Limited ("SRP"), one of the Company's subsidiaries, received a license to grow hemp in October 2021.

This license allows us to sell all of the hemp seeds, leaves, and roots obtained from planting to our customers that have signed to the business cooperation agreement.

### Midstream Business – maintaining profitability and moving toward "STA 20"

As of 31 December 2021, we had an installed capacity of 2.81 million tons per annum from 36 production facilities (32 in Thailand, 3 in Indonesia, and 1 in Myanmar). In 2021, the Company had a market share of 10% of global natural rubber consumption. Moreover, we also had a plan to expand the production capacity of Technically Specified Rubber (TSR) to serve the growing market demand as well as to increase our market share at 14 processing facilities in Phitsanulok, Loei, Chiang Rai in the north, in Buengkan, Sakon Nakorn, Kalasin, Buriram, Sa Kaeo, Mukdahan in the northeast and in Trang, Surat Thani, Narathiwat in the south. The expansion projects will require THB 6,600 million in capital expenditure. For expanding LTX factories, the Company estimated the investment budget of approximately Baht 950 million. In sum, there will be additional capacity of 1.34 million tons per annum, and our installed capacity will be at 3.66 million tons per annum in 2022 and moving to 4.16 million tons per annum in 2024.

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 56.0% in direct and indirect shareholding, engages in the production and distribution of latex and nitrile examination and industrial gloves to customers in over 170 countries around the world. STGT has offices in Thailand, China and the US. With an annual installed production capacity of 40.3 billion pieces as of 31 December 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 7% 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

Therefore, at the end of 2021, STGT had 40.3 billion pieces in annual installed production capacity.

