

## Financial Result Overview

In 2Q22, we had THB 27,973.1 million in total revenue, decreasing 6.1% YoY and 0.1% QoQ. Revenue from **NR products**, which accounted for 77.0% of total revenue, was THB 21,542.1 million, growing 28.4% YoY and 2.9% QoQ on the back of the ASP that increased 13.1% YoY and 1.8% QoQ in tandem with NR prices on the global markets. Sales volume also rose 13.2% YoY and 1.1% QoQ to 352,951 tons, the 8th consecutive quarterly growth. Utilization rate in 2Q22 stood at 70% and gross profit margin for NR products was 13%.

Revenue from **gloves** accounted for 22.9% of total revenue and totaled THB 6,416.0 million, decreasing 50.6% YoY and 9.0% QoQ because of the lower ASP. Sales volume was 7,629 million pieces. Gross profit margin for gloves was 22.5%, which is higher than the pre-COVID era.

**We recorded a net profit of THB 1,142.1 million or THB 0.74 per share in 2Q22, with a gross profit margin of 15.2% and a net profit margin of 4.1%. The Board of Directors has approved an interim dividend from 6M22 profit of THB 1.00 per share.**

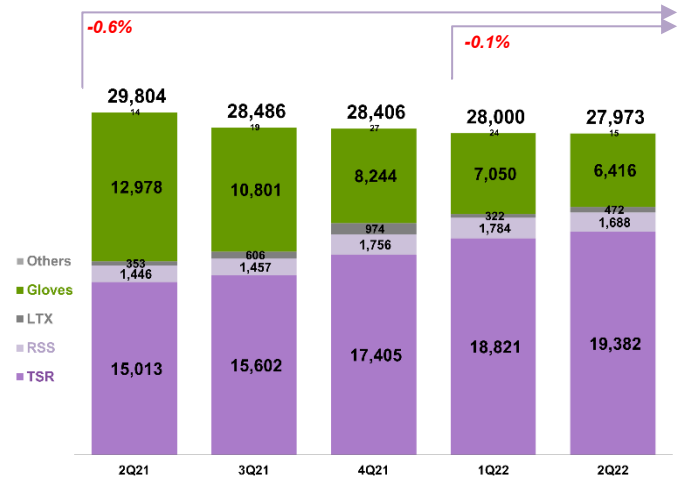
## Key Financial Ratios

	2Q22	2Q21	1Q22	FY21
Gross profit margin	15.2%	36.7%	16.2%	32.2%
Adjusted gross profit margin**	15.9%	35.4%	17.2%	32.7%
EBITDA margin	9.7%	33.9%	11.2%	27.4%
Net profit margin	4.1%	16.9%	5.4%	13.4%
Current ratio (times)	3.08	2.38	2.71	2.2
Net D/E ratio (times)	0.4	0.17	0.44	0.41
Fixed asset turnover (times)*	2.63	4.02	2.72	3.41
Inventory turnover (days)*	115	98	126	115
Collection period (days)*	27	27	28	26
Payment Period (days)*	5	8	5	7

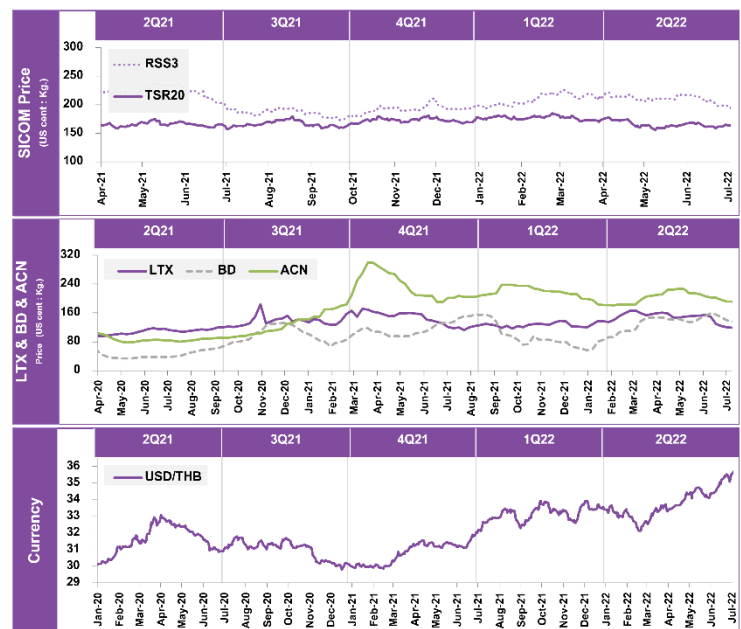
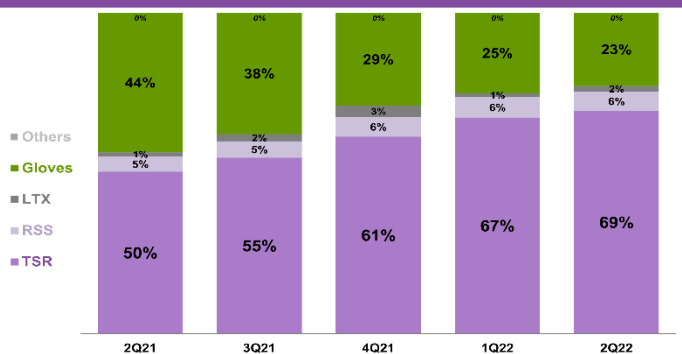
Note: \*Annualised

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

## Revenues by Product (THB million)



## Revenues Breakdown by Product



ABBREVIATIONS  
RSS - Rubber smoked sheet  
LTX - Concentrated Latex  
TSR - Technically specified rubber, which includes SIR and SR  
BD - Broadsheet  
ACN - Acrylonitrile

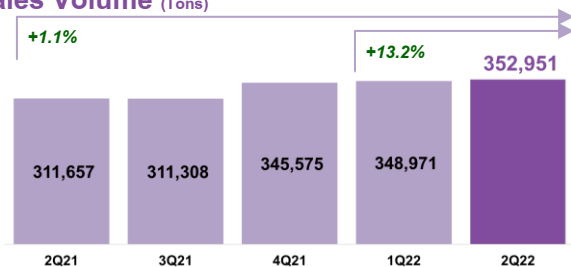


## Statements of Comprehensive Income

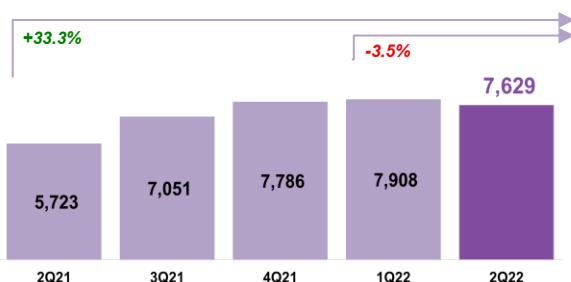
(Unit : THB million)	2Q22	2Q21	%YoY	1Q22	%QoQ	6M22	6M21	%YoY
<b>Revenue from sales of goods and services</b>	<b>27,973.1</b>	<b>29,803.6</b>	<b>-6.1%</b>	<b>27,999.9</b>	<b>-0.1%</b>	<b>55,973.0</b>	<b>61,383.2</b>	<b>-8.8%</b>
Cost of sales and services	(23,731.1)	(18,852.5)	25.9%	(23,473.7)	1.1%	(47,204.7)	(36,879.7)	28.0%
<b>Gross profit (loss)</b>	<b>4,242.0</b>	<b>10,951.1</b>	<b>-61.3%</b>	<b>4,526.2</b>	<b>-6.3%</b>	<b>8,768.2</b>	<b>24,503.4</b>	<b>-64.2%</b>
SG&A	(2,595.3)	(1,728.7)	50.1%	(2,386.4)	8.8%	(4,981.7)	(3,364.4)	48.1%
Other income and dividend income	96.5	95.3	1.3%	43.9	119.8%	140.4	155.2	-9.6%
Gains (loss) on exchange rate, net	85.7	50.5	69.5%	49.2	74.2%	134.9	502.5	-73.2%
Other gains (loss)	29.7	(113.7)	N/A	109.5	-72.9%	139.2	(1,217.9)	-111.4%
<b>Operating profit (loss)</b>	<b>1,858.6</b>	<b>9,254.5</b>	<b>-79.9%</b>	<b>2,342.4</b>	<b>-20.7%</b>	<b>4,200.9</b>	<b>20,578.9</b>	<b>-79.6%</b>
Share of profit (loss) from investments in JV	81.4	73.0	11.6%	53.8	51.2%	135.3	105.5	28.3%
<b>EBITDA</b>	<b>2,713.7</b>	<b>10,110.1</b>	<b>-73.2%</b>	<b>3,148.4</b>	<b>-13.8%</b>	<b>5,862.1</b>	<b>22,169.4</b>	<b>-73.6%</b>
<b>EBIT</b>	<b>1,940.0</b>	<b>9,327.5</b>	<b>-79.2%</b>	<b>2,396.2</b>	<b>-19.0%</b>	<b>4,336.2</b>	<b>20,684.4</b>	<b>-79.0%</b>
Finance income	28.5	29.8	-4.2%	30.3	-5.8%	58.8	54.5	7.9%
Finance costs	(298.3)	(210.3)	41.8%	(222.2)	34.2%	(520.5)	(386.3)	34.7%
Income tax (expense)	(261.0)	(950.6)	-72.5%	(225.3)	17.5%	(486.3)	(1,782.4)	-72.7%
<b>Net Profit (loss) for the periods</b>	<b>1,409.2</b>	<b>8,196.4</b>	<b>-82.8%</b>	<b>1,979.0</b>	<b>-28.8%</b>	<b>3,388.2</b>	<b>18,570.1</b>	<b>-81.8%</b>
Attributed to owners of the parent	1,142.1	5,043.7	-77.4%	1,509.0	-24.3%	2,651.1	11,002.2	-75.9%
Attributed to non-controlling interests	267.1	3,152.7	-91.5%	470.0	-43.2%	737.0	7,567.8	-90.3%

**Total revenue from products and services** in 2Q22 was THB 27,973.1 million, decreasing 6.1% YoY and 0.1% QoQ. Revenue from NR products accounted for 77.0% of total revenue and rose 28.4% YoY and 2.9% QoQ to THB 21,542.1 million, driven by both the higher ASP and sales volume. However, limitations of our production capacity in Thailand meant we could not fulfill all purchase orders that we received. Revenue from gloves accounted for 22.9% of total revenue and declined 50.6% YoY and 9.0% QoQ to THB 6,416.0 million because of a drop in ASP. Revenue from other products and services came in at THB 15.0 million.

### NR Sales Volume (Tons)



### Glove Sales Volume (million pieces)



**Sales volume for NR products** totaled 352,951 tons, growing 13.2% YoY and 1.1% QoQ. The growth in sales volume was led by TSR, driven by a pickup in demand from the tire industry and a less competitive landscape that served to reinforce our position and credibility among customers. Utilization rate in 2Q22 was 70%, compared with 75%.

Geographically, China accounted for 52.2% of total sales volume, followed by other countries in Asia at 18.3% of total sales volume. Thailand made up 12.1% of total sales volume. The Americas and Europe contributed 10.8% and 6.4% of total sales volume, respectively.

**Sales volume for gloves** was 7,629 million pieces, increasing 33.3% YoY but decreasing 3.5% QoQ. The overall global demand for gloves is still poised to grow from the pre-COVID era, however, the market currently has to contend with a slowdown in demand as a result of overstocking during COVID-19 and it would take some time for adjustment. Utilization rate in 2Q22 was 69%. The proportion of sales revenue from latex gloves increased as we have emphasized our policy to focus on latex gloves. The proportion of sales revenue between latex and nitrile gloves in 2Q22 was 76:24. Geographically, Asia accounted for 36.7% of total sales revenue, followed by North America at 20.5%. Europe and Latin America contributed 19.4% and 14.0% of sales revenue, respectively. Africa and the Middle East made up 4.9% and 3.9% of sales revenue, respectively. Other regions accounted for 0.6% of total sales revenue.



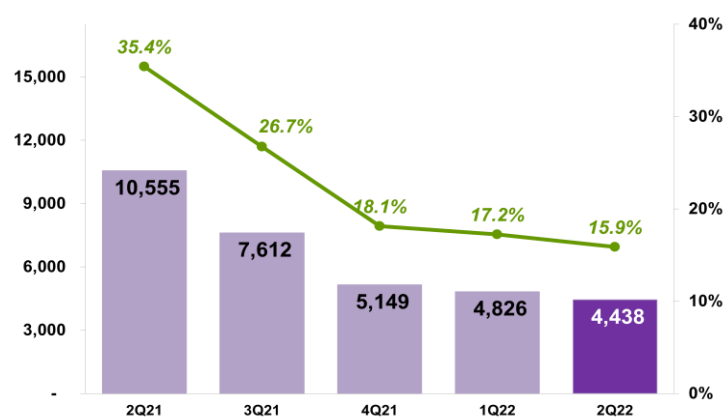
## Revenue by Product (THB million)

	2Q22	2Q21	% YoY	1Q22	% QoQ
<b>TSR*</b>	<b>19,381.9</b>	<b>15,012.8</b>	<b>29.1%</b>	<b>18,820.6</b>	<b>3.0%</b>
%	69.3%	50.4%		67.2%	
<b>Gloves</b>	<b>6,416.0</b>	<b>12,978.4</b>	<b>-50.6%</b>	<b>7,049.5</b>	<b>-9.0%</b>
%	22.9%	43.5%		25.2%	
<b>RSS</b>	<b>1,688.0</b>	<b>1,446.0</b>	<b>16.7%</b>	<b>1,784.0</b>	<b>-5.4%</b>
%	6.0%	4.9%		6.4%	
<b>LTX</b>	<b>472.1</b>	<b>352.6</b>	<b>33.9%</b>	<b>321.8</b>	<b>46.7%</b>
%	1.7%	1.2%		1.1%	
<b>Other**</b>	<b>15.0</b>	<b>13.7</b>	<b>8.9%</b>	<b>23.9</b>	<b>-37.2%</b>
%	0.1%	0.0%		0.1%	
<b>Total</b>	<b>27,973.1</b>	<b>29,803.6</b>	<b>-6.1%</b>	<b>27,999.9</b>	<b>-0.1%</b>

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 2Q22 was THB 4,242.0 million, decreasing 61.3% YoY and 6.3% QoQ because of a steep drop in the ASP of gloves as a result of increasing supply. But gross profit margin for NR products continued to improve to 13.0%, growing 37.6% YoY from 11.2% in 2Q21 and 10.1% QoQ from 12.1% in 1Q22 on the back of both higher sales volume and ASP. Taking account of the reversal of inventory allowance in the amount of THB 84.0 million and realized gains from NR hedging transactions of THB 111.9 million, our adjusted gross profit margin in 2Q22 would be 15.9%, down from 35.4% in 2Q21 and 17.2% in 1Q22.

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



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

**Operating profit** in 2Q22 was THB 1,858.6 million and operating profit margin was 6.6%, decreasing from THB 9,254.5 million in 2Q21 and THB 2,342.4 million in 1Q22 because of the lower profitability of our glove business. We also recorded THB 85.7 million in currency exchange gains in the normal course of business and THB 29.7 million in gains from currency and NR hedging transactions.

SG&A came in at THB 2,595.3 million, increasing 50.1% YoY because of higher selling expenses from substantially, higher freight costs and higher CESS that rose alongside export volume. SG&A increased 8.8% QoQ as freight costs continued to go up. We also recorded THB 94.7 million in other income from sales of production waste. At the end of 2Q22, we had THB 861.1 million in gains from the net realizable value of inventory\*.

\*Note: \*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 investment in associates and joint ventures

in 2Q22 was THB 81.4 million, growing 11.6% YoY and 51.2% QoQ on the back increased profits of both NR and hydraulic hoses joint ventures.

**Net profit** in 2Q22 was THB 1,142.1 million, decreasing 77.4% YoY and 24.3% QoQ because of the drop in ASP of gloves. Net profit margin was 4.1%. Our NR business continued its high level of profitability with increasing purchase orders. The issuance of debenture for the purchase of raw materials and capacity expansion in 2Q22 and effective interest rate that went up with the global trend caused our borrowings and finance costs increased 41.8% YoY and 34.2% QoQ to THB 298.3 million.

## Business Strategy

Our NR business, which has shown robust profitability, continues to be the driving force behind the revenue and profit of Sri Trang Group. We can continue to gain market share, as reflected in the utilization rate of over 70% for our TRS production facilities in Thailand, buoyed by demand from non-Chinese tire producers, which traditionally preferred NR from Indonesia, where the fungal disease has had a damaging impact on NR supply, whereas the north and northeast of Thailand has provided increasing supply since 2011. To minimize costs in the interregional transportation of raw materials, we have decided to expand our TSR production capacity at the plants in Pitsanulok, Leoy, Chiangrai in the north, in Bungkarn, Sakon Nakorn, Kalasin, Busiram, Srakaew, Mukdaharn in the northeast, and in Trang and Narathiwat in the south, an undertaking that will require THB 8,800 million in capital expenditure and is expected to be gradually completed in 2022-2024. The source of funding will be retained profits and the issuance of debenture as we can access the sources of funds with a more favorable interest rate.



## Business Segmentation Analysis



### Technically Specified Rubber (TSR)

Revenue from TSR accounted for 69.3% of total revenue and rose 29.1% YoY and 3.0% QoQ.

The YoY and QoQ growth in revenue was driven by the ASP that rose 14.5% YoY and 0.9% QoQ and sales volume that increased 12.7% YoY and 2.1% QoQ as we continued to gain market share, particularly among non-Chinese tire producers, while NR supply from Indonesia continued to decline.

As a result, our gross profit margin for TSR was higher than in 1Q22 and 2Q21.



### Gloves

Revenue from gloves accounted for 22.9% of total revenue and decreased 50.6% YoY and 9.0% QoQ.

The YoY and QoQ decline in revenue resulted from the ASP that dropped 62.9% YoY and 5.7% QoQ as a result of increasing supply in the market, which led to heightened competition. At the same time, sales volume increased 33.3% YoY but declined 3.5% QoQ as global demand started to normalize.

Prices of NR latex went up 4.2% QoQ but went down 11.2% YoY, while prices of NBR latex dropped 2.5% QoQ and 47.2% YoY. Being able to source NR latex from within the Group afforded us an advantage over competitors, however, the drop in ASP had an impact on gross profit margin, which was substantially lower than in 1Q22 and in 2Q21.



### Ribbed Smoked Sheet (RSS)

Revenue from RSS accounted for 6.0% of total revenue and grew 16.7% YoY but declined 5.4% QoQ.

The YoY growth in revenue was driven by sales volume that rose 40.4%, which could offset the 7.1% decrease in ASP.

The YoY growth in revenue was driven by sales volume that rose 15.2% and the ASP that increased 1.3% because of the depreciation of THB.

The QoQ decrease in revenue resulted from sales volume that declined 14.7% while the ASP rose 10.9% YoY.

Gross profit margin for RSS was higher than in 1Q22 and 2Q21.



### Concentrated Latex (LTX)

Revenue from LTX accounted for 1.7% of total revenue and grew 33.9% YoY and 46.7% QoQ.

The YoY and QoQ growth in revenue was driven by sales volume that rose 27.5% YoY and 15.5% QoQ following lower sales to STGT (transactions between STA and STGT are deemed connected transactions and are not stated in the financial statements.). The ASP also rose 5.0% YoY and 27.0% QoQ.

Gross profit margin for LTX was lower than in 1Q22 and 2Q21 as cost went up greater than ASP.

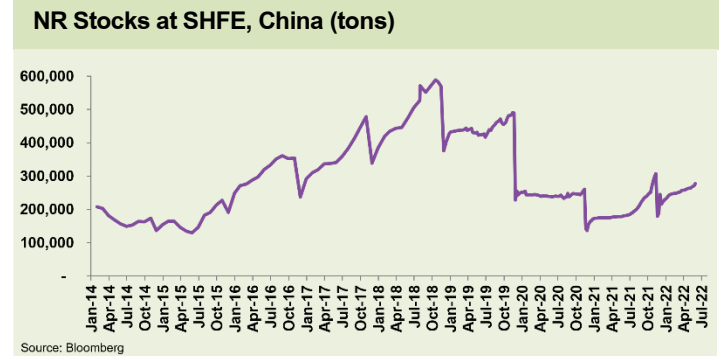
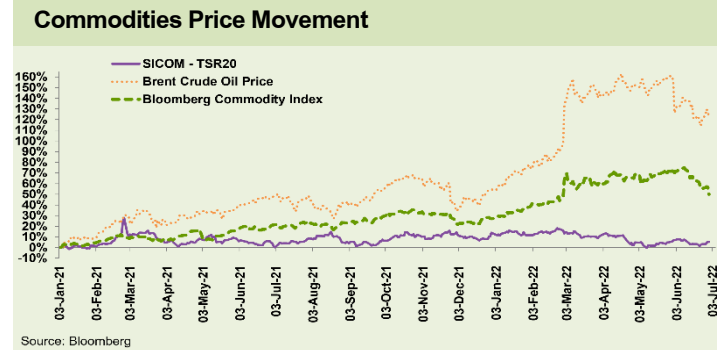
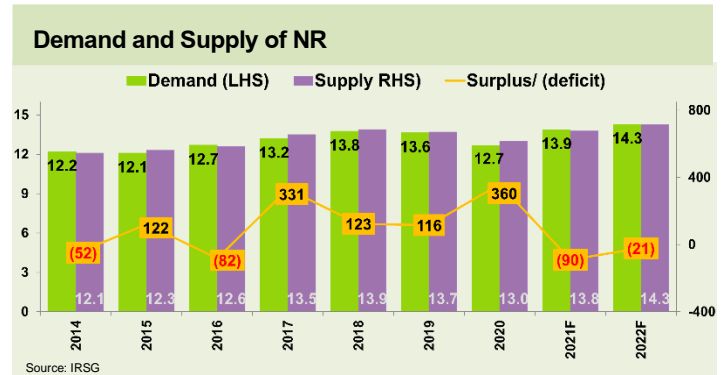


## Natural Rubber Industry Outlook

In 2Q22, the global economic concerns, with an inflation of over 8% in the US and a weak Chinese economy, caused NR prices to trend down. Prices of field latex in particular saw a significant drop because of a slowdown in glove demand as COVID-19 has been brought under control and an oversupply as many companies entered the industry during the period of high prices. Meanwhile, prices of cup lump did not see the same extent of impact. The average price of TSR20 on SICOM in 2Q22 was 165.4 cent/kg, decreasing 6.5% QoQ but increasing 0.1% YoY.

On the supply side, the period from March until July normally coincides with the harvest season in Indonesia, however, NR supply in the country was still below normal during March-June 2022, a long-term impact from the fungal disease in late 2018. Meanwhile, Thailand saw a shortened wintering period, which usually lasts from February until May. However, this year, the northeastern region did not have any wintering period at all while in the southern region, the wintering period only lasted until mid-April as a result of high rainfall level. As a result, NR supply from Thailand could offset the supply shortfall in Indonesia.

As for the NR price trend in 3Q22, aside from the above factors, the weather condition, especially the rainfall level, is another factor that will affect NR supply. While rubber trees yield good supply with sufficient rainfall, excessive rainfall would prevent rubber farmers from being able to tap the trees. The global economic outlook would also have an impact on NR prices. A full resumption of economic activities in China and a lessening of the chip shortage situation, which would lead to a resumption of automotive manufacturing, would have a positive impact on NR prices. We will also need to monitor the NR stock at the Shanghai Futures Exchange (SHFE), which at the end of June 2022 was at 279,000 tons, increasing from 258,000 tons at the end of March 2021, but dropped to 264,000 tons at the end of July 2022.

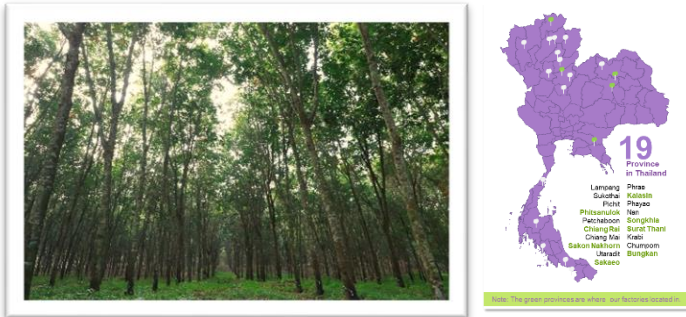


## Expansion Progress throughout the Supply Chain

### Upstream Business – about 7,200 hectares of rubber plantations

As of 30 June 2022, 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 2022, the rubber trees that can be tapped will account for around 66% of total rubber trees, up from 58% in 2021.

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, a draft of the bill on hemp business is currently under parliamentary review and would require some time before being signed into law and there has not been an appointment of an expert committee under the proposed draft. As a result, there is presently considerable uncertainty regarding the use of hemp for medical, research and recreational purposes. Our management have therefore decided to hold off on our hemp business pending more certainty regarding the laws regulating its use as well as domestic consumption trend.

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

As of 31 June 2021, our 35 NR processing plants (30 in Thailand, 3 in Indonesia, and 1 in Myanmar) provided **3.10 million tons per annum in installed production capacity.** In 2021, we had a market share of 10% of global NR consumption. We plan to expand our production capacity for TSR by 1.32 million tons with the installation of new machines at our processing facilities in the northeast, north and south, which will require THB 8,800 million in capital expenditure and will gradually be completed in every quarter until 2024. We will also expand our production capacity for LTX with new facilities in Bueng Kan and Narathiwat and with the installation of new machines at the facility in Surat Thani, which will require THB 1,335 million. With the capacity expansion, **our annual installed production capacity will reach 3.31 million tons in 2022 and 4.39 million tons in 2024.**

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

### Downstream Business – reaching an annual production capacity of 48 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, the US, Singapore, Indonesia and Vietnam and is Thailand’s largest glove producer and is ranked among the world’s leading producers. In 2021, STGT had a market share of 7% of global glove consumption.

STGT is committed to achieving an annual production capacity of 48 billion pieces by 2022 and 57 billion pieces by 2024, with new production facilities in Surat Thani (SR), Trang (TG3), Songkla (ANV) and Chumphon (CP) having commenced operation in 2Q22.