

Financial Result Overview

Quarterly profit of THB 616.5 million and dividend of THB 0.50 per share, with new products in the pipeline

In 2Q22, we had revenue of THB 6,541.5 million, decreasing 49.6% YoY and 8.1% QoQ because of the ASP that continued its decline as a result of increasing supply in the market. Sales volume was 7,627 million pieces, growing 32.6% YoY but decreasing 3.5% QoQ as COVID-19 has been brought under control and demand started to normalize. A focus on NR gloves and a product mix of 75.9% of NR gloves and 24.1% of NBR gloves differentiates us from peers. **We recorded a net profit THB 616.5 million or THB 0.27 per share, with a net profit margin of 9.4%. The Board of Directors has approved an interim dividend of THB 0.50 per share from 6M22 profit, representing 96.6% of net profit of separate financial statement.**

We are committed to developing new products that will respond to market demand. Our “CWCG” (Clean World, Clean Glove) products, or gloves with no detectable protein allergen, have received certification from labs in various countries. We started marketing the products in Japan in 1Q22 and have received positive feedback and started taking purchase orders. Also in progress is the installation of production lines for surgical gloves, which command a high margin and will be launched in the domestic market in 4Q22.

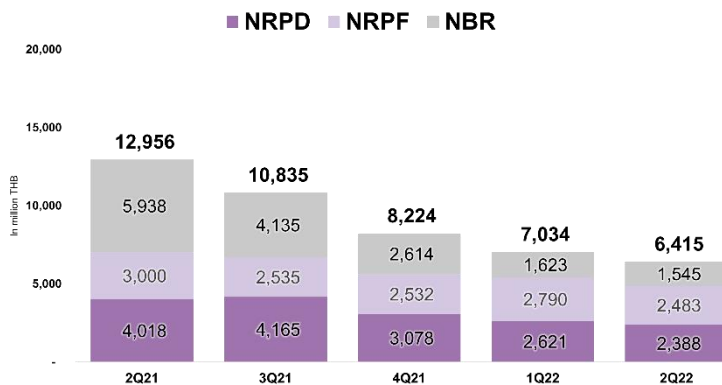
Lower ASP led to revenue decline while sales volume for NBR gloves resumed growth

Sales revenue in 2Q22 was THB 6,541.5 million, decreasing 49.6% YoY and 8.1% QoQ because of the ASP that decreased 62.7% YoY and 5.5% QoQ to THB 841 (USD 24.6) per 1,000 pieces as a result of increasing supply in the market. Sales volume was 7,627 million pieces, increasing 32.6% YoY but decreasing 3.5% QoQ. Utilization rate in 2Q22 was 69.1%, down from 87.8% in 1Q22 as we had additional capacity from our plants in SongKla and Surat Thani.

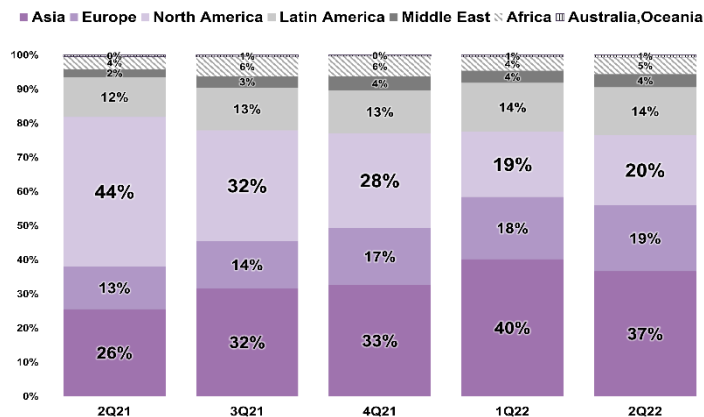
By product, latex powder-free gloves (NRPF) contributed the largest proportion of revenue at 38.7%, followed by latex powdered gloves (NRPD) at 37.2% of total sales revenue, while nitrile gloves (NBR) contributed 24.1% of total sales revenue as we remained focused on NR gloves because of our competitive advantage in production from the access to raw material and lower transportation costs. our focus on NR gloves, in whose production we have competitive advantage in the access to raw material and lower transportation costs.



Gloves' Revenues by Product (THB million)



Glove's Revenues by Geography (%)

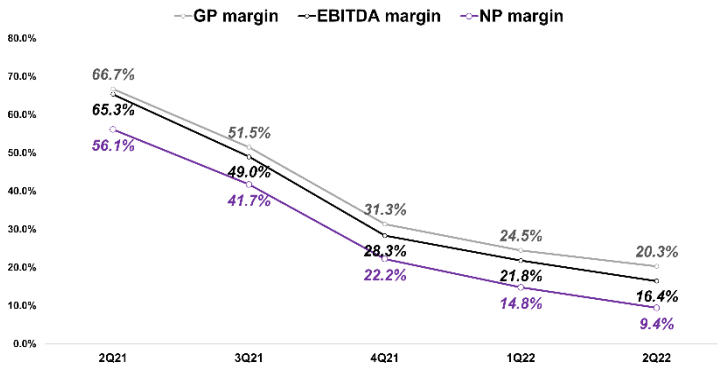


Higher profit margin than in the pre-COVID era

We recorded THB 1,328.7 in gross profit, decreasing 84.6% YoY and 23.7% QoQ because of lower ASP as a result of increasing supply in the market. NR latex costs increased 4.2% QoQ but decreased 11.2% YoY while NBR latex costs decreased 2.5% QoQ and 47.2% YoY. However, the decrease in ASP had an impact on gross profit margin, which was 20.3% in 2Q22, down from 24.5% in 1Q22 and 66.7% in 2Q21.

SG&A came in at THB 606.9 million, increasing 28.6% YoY but down 5.3% QoQ because of lower freight costs. The percentage of SG&A to sales revenue increased from 9.0% in 1Q22 to 9.3% in 2Q22 because of expenses associated with the establishment of an overseas subsidiary, debt allowances and COVID-19 vaccines for employees and the local communities. Compared with 3.6% in 2Q21, the percentage of SG&A to sales revenue increased because the decline in ASP led to lower sales revenue and freight costs went up in tandem with oil prices.

Margin (%)



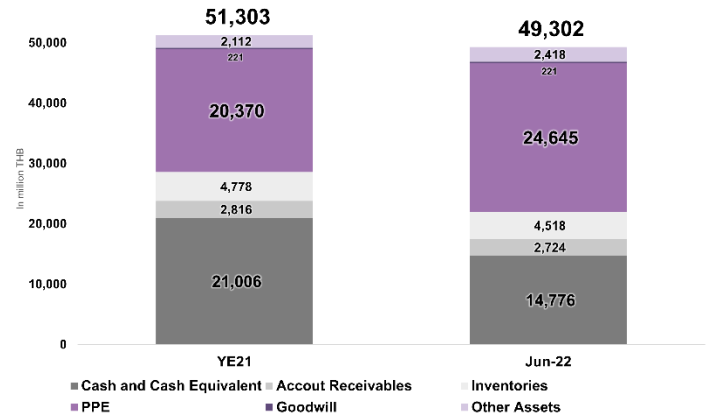
We recorded THB 58.4 million in net currency exchange loss. EBITDA margin was 16.4%, down from 21.8% in 1Q22 and 65.3% in 2Q21. Finance costs increased 32.0% YoY and 18.7% QoQ to THB 41.5 million in 2Q22 because as construction progressed at the new production facilities, the portion of capitalized interest decreased in 2Q22. All interest expenses will be reimbursed by the RAOT*. Tax expenses came in at THB 65.0 million, decreasing 92.4% YoY and 50.0% QoQ. Our effective tax rate was 9.5%. Net profit in 2Q22 was THB 616.5 million, decreasing 91.5% YoY and 41.4% QoQ, with a net profit margin of 9.4%.

Note: *Long-term loans under the interest rate subsidy program for capacity expansion of the Rubber Authority of Thailand (RAOT), under which up to 3% of interest rate is subsidized.

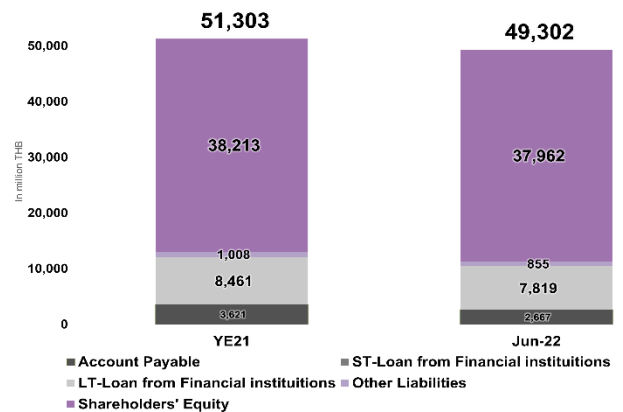
Strong finances and lower debt

Our total assets decreased by THB 2,000.3 million from the end of FY21 to THB 49,302.5 million with cash decreasing by THB 6,229.9 million to THB 14,776.2 million following the capacity expansion, which led our property, plant and equipment to increase by THB 4,296.6 million to THB 24,835.5 million. Cash cycle increased from 36.0 days at the end of FY21 to 45.2 days at the end of 2Q22 because the ASP and costs went down greater than inventory and accounts receivable. Interest-bearing debt (IBD) consisted of THB 8,059.4 million in outstanding short-term and long-term borrowings and leasehold obligations. 7,818.9 million in loans were taken under the interest rate subsidy program of the RAOT, from which we stand receive interest reimbursements, which will be recorded as other income in 3Q-4Q of every financial year. **Our gearing IBD to equity ratio was 0.21 at the end of 2Q22, down from 0.22 at the end of FY21.**

Assets (THB million)



Liabilities & Shareholders' Equity (THB million)



Strategy and Expansion

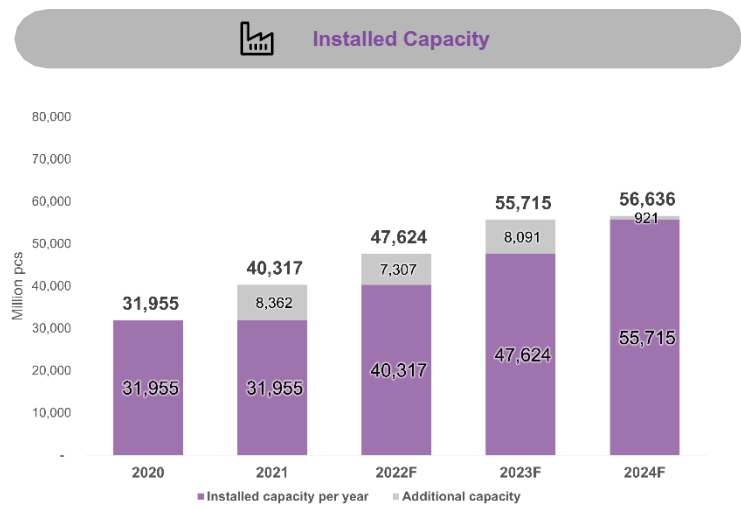
With our unique product mix (NR:NBR), production lines that can easily switch between producing NRPF and NBR gloves, and a production base in Thailand, a prime location for quality NR latex, we are well positioned to deliver high quality gloves to consumers worldwide at our maximum output.

We are committed to an expansion plan to achieve 57 billion pieces in annual installed production capacity by 2024, an adjustment to reflect the current industry climate. In 2Q22, our plants in Surat Thani (SR), Trang (TG3), Songkla (ANV) and Chumphorn (CP), commenced operation.

For FY22, **our annual installed production capacity is expected to reach 48 billion pieces, representing a 19.1% growth from FY21.** Cost-saving initiatives as such the use of automation and technology to achieve economies of scale and improve efficiency to create higher profit and return to shareholders will continue to be in our focus.

A strong commitment to environmental, social and governance issues

(ESG) is what our customers, shareholders and all stakeholders can count on us. **On environmental issues (E)**, we are committed as a low-carbon company to, within 2026, reduce our green house gas emissions by no less than 10% compared with 2021 and, within 2024, reduce our electricity consumption by no less than 10% compared with 2019. Presently, we utilize wood chips, which are considered biomass and have 3 times lower the emission factor than LPG, as fuel for the boilers in production and plan to increase the use of renewable and clean energy. We recently completed the installation of solar panels that will help generate electricity and reduce green house gas emissions by 60 carbon dioxide tons per month at our Trang facility on 25 June 2022. We also implement a water reclamation system, which recycles water that will then be reused in the production process, thereby reducing our consumption of water, one of the essential resources in glove production. **On social issues (S)**, we have announced human rights and anti-discrimination policies and thoroughly conducted a human rights evaluation. Our labor practices are well known as the **Best-in-Class Workforce Treatment** and have received **the top A rating in the Business Social Compliance Initiative (BSCI) audit by Amfori** for our plants in Hat Yai, Sadao, Trang and Surat Thani. Our Hat Yai plant has also become a member of Sedex and been certified under SMETA. We take responsibility for visa fees and work permits for all foreign workers and all of our employees are provided with appropriate accommodations to ensure good living conditions. For the health and safety of our employees, we provided Sinopharm and Moderna vaccines to all local and foreign, daily wage and salaried employees, who have been fully vaccinated (4 doses) since June 2022. We also distributed the vaccines to families of employees as well as the local communities. Additionally, we have continued to organize various CSR projects that benefit the local communities such as **The Pallet Project**, which re-distributes disused pallets to the Sports Association for the Disabled of Surat Thani to make furniture, which is in line with the principles of **the Circular Economy**. **On governance issues (G)**, we are committed to promoting diversity, including gender, age and ethnicity diversity, among our workforce and conduct our business under the good governance policies with transparency and accountability. Corruption prevention is also our focus and we were certified for **Thailand's Private Sector Collective Action Coalition against Corruption on 30 June 2022**. We have received accolades from various organizations such as the **Level 4 Green Industry Certification** from the Ministry of Industry for our plants in Trang and Surat Thani. Moreover, we have been included in the **ESG100 index** of the Thaipat Institute **for the second consecutive year**.




2Q22 Key Financial Information (unit: million THB)

	2Q22	1Q22	%QoQ	2Q21	% YoY	1H22	1H21	% YoY
Sales Volume (in million pcs)	7,627.5	7,905.1	-3.5%	5,750.3	32.6%	15,532.6	12,461.2	24.6%
Sales Revenue	6,541.5	7,118.5	-8.1%	12,967.7	-49.6%	13,660.0	28,401.4	-51.9%
COGS	(5,212.9)	(5,376.2)	-3.0%	(4,317.2)	20.7%	(10,589.0)	(8,330.4)	27.1%
Gross profit	1,328.7	1,742.3	-23.7%	8,650.4	-84.6%	3,071.0	20,070.9	-84.7%
Other income	31.8	32.0	-0.3%	39.9	-20.1%	63.8	82.7	-22.9%
SG&A	(606.9)	(640.6)	-5.3%	(471.9)	28.6%	(1,247.5)	(919.4)	35.7%
Gain (loss) on exchange rate, net	142.1	(8.3)	NM	133.8	6.2%	133.8	406.9	-67.1%
Other gains, net	(200.5)	63.2	417.4%	(215.7)	-7.0%	(137.4)	(706.9)	-80.6%
Operating profit (loss)	695.2	1,188.5	-41.5%	8,136.5	-91.5%	1,883.7	18,934.2	-90.1%
EBITDA	1,073.7	1,550.7	-30.8%	8,468.0	-87.3%	2,624.4	19,583.3	-86.6%
EBIT	723.0	1,217.1	-40.6%	8,164.9	-91.1%	1,940.1	18,985.9	-89.8%
Finance income	27.7	28.6	-3.1%	28.4	-2.2%	56.4	51.7	9.1%
Finance costs	(41.5)	(35.0)	18.7%	(31.5)	32.0%	(76.5)	(63.7)	20.2%
EBT	681.5	1,182.1	-42.4%	8,133.4	-91.6%	1,863.6	18,922.2	-90.2%
Tax	(65.0)	(130.0)	-50.0%	(853.3)	-92.4%	(195.0)	(1,590.5)	-87.7%
Net profit	616.5	1,052.2	-41.4%	7,280.1	-91.5%	1,668.6	17,331.7	-90.4%
GP margin	20.3%	24.5%	-4.2%	66.7%	-46.4%	22.5%	70.7%	-48.2%
EBITDA margin	16.4%	21.8%	-5.4%	65.3%	-48.9%	19.2%	69.0%	-49.7%
Net profit margin	9.4%	14.8%	-5.4%	56.1%	-46.7%	12.2%	61.0%	-48.8%
Financial Ratio								
Current ratio	4.80	5.00	-3.9%	5.74	-16.4%	4.80	5.74	-16.4%
Cash cycle (days)	50.02	45.22	10.6%	58.60	-14.6%	49.20	57.23	-14.0%
IBD/E	0.21	0.21	1.3%	0.21	1.1%	0.21	0.21	1.1%
Interest coverage ratio	15.12	31.01	-51.2%	243.43	-93.8%	22.39	258.04	-91.3%
ROA	6.6%	8.2%	-1.6%	54.0%	-47.4%	6.6%	71.3%	-64.7%
ROE	8.7%	10.9%	-2.2%	72.1%	-63.4%	8.7%	98.1%	-89.3%

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 41.5 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 170 countries worldwide. As of 30 June 2022, STGT employed more than 9,400 people in all operating units worldwide including in Thailand, USA, the PRC, Singapore, Vietnam, and Indonesia. STGT is listed on the Stock Exchange of Thailand under Consumer Products/Personal Products & Pharmaceuticals sector and on the Singapore Exchange under healthcare services and medical equipment, supplies & distribution sector. For more information, please visit www.srtranggloves.com.

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