

Performance Overview

In 1Q23, we had THB 24,426.3 million in total revenue, decreasing 12.8% YoY and 3.5% QoQ. Revenue from **NR products**, which accounted for 81.7% of total revenue, was THB 19,961.4 million, decreasing 4.6% YoY and 3.4% QoQ on the back of the ASP that declined 18.7% YoY and 13.9% QoQ. Sales volume rose 14.6% YoY and 3.6% QoQ to 399,933 tons. Utilization rate in 1Q23 stood at 71% and gross profit margin for NR products was 11.6%.

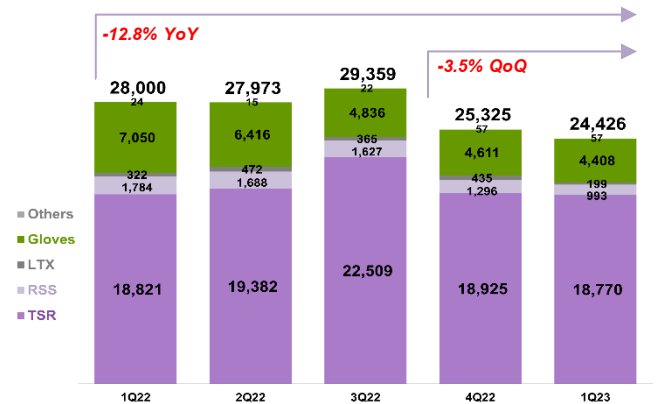
Revenue from **gloves** accounted for 18.0% of total revenue and totaled THB 4,408.1 million, decreasing 37.5% YoY and 4.4% QoQ because of lower ASP. Sales volume was 7,288 million pieces. Gross profit margin for gloves was 9.6%.

We recorded a net profit of THB 287.9 million or THB 0.19 per share in 1Q23, with a gross profit margin of 11.2% and a net profit margin of 1.2%.

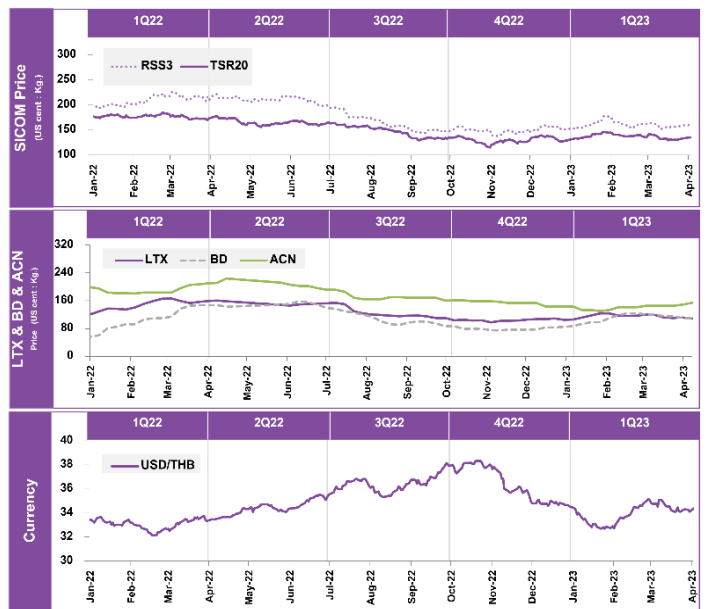
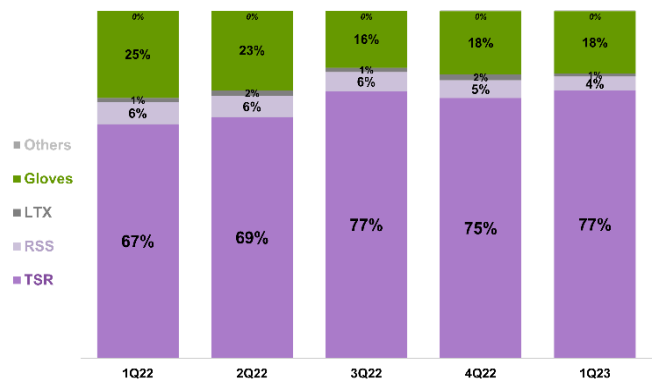
Key Financial Ratios

	1Q23	FY22
Gross profit margin	11.2%	14.3%
Adjusted gross profit margin**	11.2%	15.6%
EBITDA margin	6.3%	9.4%
Net profit margin	1.2%	4.3%
Current ratio (times)	4.42	4.09
Net D/E ratio (times)	0.35	0.37
Fixed asset turnover (times)*	1.90	2.45
Inventory turnover (days)*	98	110
Collection period (days)*	25	25
Payment Period (days)*	5	5

Revenues by Product (THB million)



Revenues Breakdown by Product



ABBREVIATIONS
RSS: Standard smoked sheet
LTX: Concentrated Latex
TSR: Technically specified rubber, which includes STR and SBR
BR: Balatone
ACN: Acrylonitrile

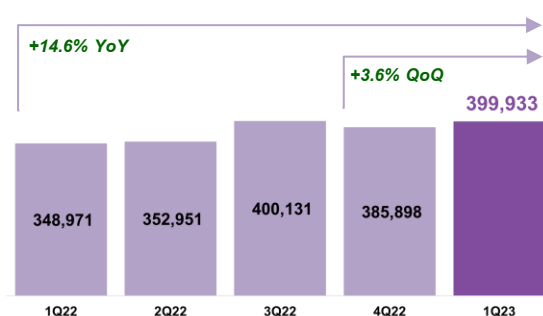


Statements of Comprehensive Income

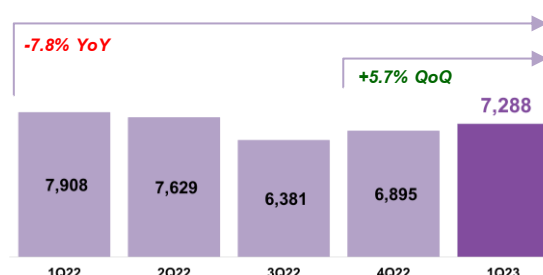
(Unit : THB million)	1Q23	1Q22	%YoY	4Q22	%QoQ
Revenue from sales of goods and services	24,426.3	27,999.9	-12.8%	25,324.8	-3.5%
Cost of sales and services	(21,694.5)	(23,473.7)	-7.6%	(22,180.5)	-2.2%
Gross profit (loss)	2,731.8	4,526.2	-39.6%	3,144.3	-13.1%
SG&A	(2,122.5)	(2,386.4)	-11.1%	(2,486.0)	-14.6%
Other income and dividend income	102.5	43.9	133.4%	27.4	274.0%
Gains (loss) on exchange rate, net	(182.9)	49.2	-471.8%	114.8	-259.3%
Other gains (loss)	205.7	109.5	87.8%	346.1	-40.6%
Operating profit (loss)	734.7	2,342.4	-68.6%	1,146.6	-35.9%
Share of profit (loss) from investments in JV	(36.6)	53.8	-168.0%	115.0	-131.8%
EBITDA	1,547.8	3,148.4	-50.8%	2,109.4	-26.6%
EBIT	698.1	2,396.2	-70.9%	1,261.6	-44.7%
Finance income	84.3	30.3	178.5%	89.2	-5.5%
Finance cost	(380.3)	(222.2)	71.1%	(358.5)	6.1%
Income tax (expense)	(54.8)	(225.3)	-75.7%	(9.3)	488.3%
Net Profit (loss) for the periods	347.3	1,979.0	-82.5%	982.9	-64.7%
Attributed to owners of the parent	287.9	1,509.0	-80.9%	987.8	-70.9%
Attributed to non-controlling interests	59.4	470.0	-87.4%	(4.9)	-1312.3%

Total revenue from products and services in 1Q23 was THB 24,426.3 million, decreasing 12.8% YoY and 3.5% QoQ. Revenue from NR products accounted for 81.7% of total revenue and decreased 4.6% YoY and 3.4% QoQ to THB 19,961.4 million because of the lower ASP while sales volume grew. Revenue from gloves accounted for 18.0% of total revenue and declined 37.5% YoY and 4.4% QoQ to THB 4,408.1 million as a result of lower ASP while sales volume continued to grow, rebounding from a low in 3Q22. Revenue from other products and services came in at THB 56.8 million.

NR Sales Volume (Tons)



Glove Sales Volume (million pieces)



Sales volume for NR products totaled 399,933 tons, growing 14.6% YoY and 3.6% QoQ. The growth in sales volume was led by TSR as we continued with the capacity expansion and benefited from a less competitive landscape that has served to reinforce our position and credibility among customers. Utilization rate in 1Q23 was 71%, slightly higher than 70% in FY22. Geographically, China accounted for 62.4% of total sales volume, followed by Thailand at 14.5% and other countries in Asia at 11.7% of total sales volume. The Americas and Europe contributed 7.3% and 3.7% of total sales volume, respectively.

Sales volume for gloves was 7,288 million pieces, decreasing 7.8% YoY but growing 5.7% QoQ. The global glove market is still contending with an oversupply that resulted from the substantial capacity expansion and a slowdown in demand, a situation that is expected to persist. Utilization rate in 1Q23 was 67.2%. The proportion of sales revenue from latex gloves increased as we continue to focus on latex gloves. The proportion of sales revenue between latex and nitrile gloves in 1Q23 was 81:19. Geographically, Asia accounted for 40.3% of total sales revenue, followed by Latin America at 17.0%, Europe at 16.1% and North America at 15.4% of sales revenue. Africa and the Middle East made up 9.1% and 1.6% of sales revenue, respectively, while Australia and Oceania accounted for 0.5% of total sales revenue.



Revenue by Product (THB million)

	1Q23	1Q22	% YoY	4Q22	% QoQ
TSR*	18,769.8	18,820.6	-0.3%	18,925.4	-0.8%
%	76.8%	67.2%		74.7%	
Gloves	4,408.1	7,049.5	-37.5%	4,611.1	-4.4%
%	18.0%	25.2%		18.2%	
RSS	992.6	1,784.0	-44.4%	1,296.0	-23.4%
%	4.1%	6.4%		5.1%	
LTX	199.0	321.8	-38.2%	434.9	-54.2%
%	0.8%	1.1%		1.7%	
Other**	56.8	23.9	138.1%	57.4	-1.0%
%	0.2%	0.1%		0.2%	
Total	24,426.3	27,999.9	-12.8%	25,324.8	-3.5%

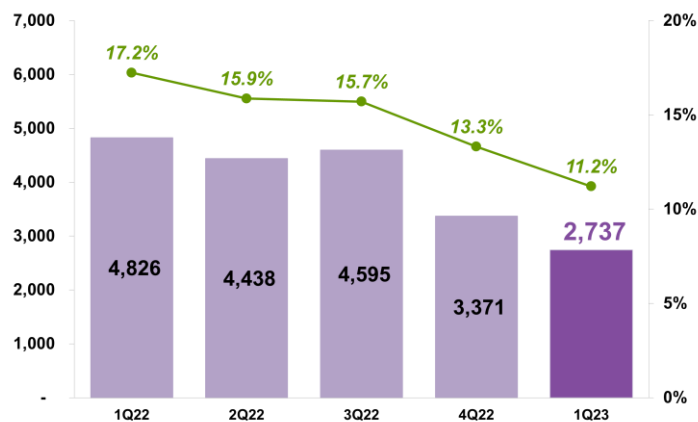
Note: *Revenue from TSR is net from hedge accounting.

**Revenue from LTX between the Sitrang Group increased but this amount was deduct 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.

Gross profit in 1Q23 was THB 2,731.8 million, decreasing 39.6% YoY and 13.1% QoQ because of the lower ASP of gloves and NR products. Gross profit margin for NR products was 11.6%, down from 12.1% in 1Q22 and 12.5% in 4Q22. Taking account of the reversal of inventory allowance in the amount of THB 3.6 million and realized gains from NR hedging transactions of THB 1.7 million, our adjusted gross profit margin in 1Q23 would be 11.2%, down from 17.2% in 1Q22 and 13.3% in 4Q22.

Adjusted GP and GPM* (Unit: THB million)



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

Operating profit in 1Q23 was THB 734.7 million and operating profit margin was 3.0%, decreasing from THB 2,342.4 million in 1Q22 and THB 1,146.6 million in 4Q22 because of the lower profitability of our glove business. We also recorded THB 182.9 million in currency exchange loss in the normal course of business and THB 205.7 million in gains from currency and NR hedging transactions.

SG&A came in at THB 2,122.5 million, decreasing 11.1% YoY and 14.6% QoQ because of lower freight costs, allowance for doubtful debt, and other administrative expenses. We also recorded THB 102.5 million in other

income from insurance payments. At the end of 1Q23, we had THB 216.3 million in gains from the net realizable value of inventory*.

*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 investments in associates and joint ventures

Share of profits from investments in associates and joint ventures in 1Q23 was THB 36.6 million, decreasing 168.0% YoY and 131.8% QoQ because of lower profits of both the NR joint venture.

Net Profit in 1Q23 was THB 287.9 million, decreasing 80.9% YoY and 70.9% QoQ because of the decline of the ASP of gloves and NR products. Net profit margin was 1.2%. The issuance of debenture for the purchase of raw materials and capacity expansion and effective interest rate that went up alongside the global trend caused our finance costs to increase 54.2% YoY and 9.9% QoQ to THB 296.0 million.

Business Strategy

The NR business has shown consistent profitability and continues to be the driving force of the revenue and profit of Sri Trang Group. Our market share is also increasing, as reflected in the utilization rate of over 70% for our TRS facilities in Thailand and driven by demand from non-China tire producers, which had traditionally preferred NR from Indonesia, where the fungal disease has had a damaging impact on NR supply, whereas supply in the north and northeast of Thailand has been increasing 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 Bungkam, Sakon Nakorn, Kalasin, Busiram, Srakaew, Mukdaham in the northeast, and in Trang and Narathiwat in the south, an undertaking that will require THB 9,000 million in capital expenditure and is expected to be gradually completed in 2022-2024. The sources of funding are retained profits and the issuance of debenture as we can obtain a favorable interest rate.



Business Segmentation Analysis



Technically Specified Rubber (TSR)

Revenue from TSR accounted for 76.8% of total revenue and declined 0.3% YoY and 0.8% QoQ.

The YoY and QoQ decline in revenue resulted from the ASP that dropped 18.8% YoY and 14.6% QoQ while sales volume increased 20.0% YoY and 6.7% QoQ alongside production capacity as we continue to gain market share, particularly among non-China tire producers, while NR supply from Indonesia continues to dwindle.

Gross profit margin for TSR was lower than in 1Q22 and 4Q22 because of the lower ASP.



Gloves

Revenue from gloves accounted for 18.0% of total revenue and decreased 37.5% YoY and 4.4% QoQ.

The YoY and QoQ decline in revenue resulted from the ASP that dropped 33.1% YoY and 11.1% QoQ as a result of increasing supply in the market, which led to heightened competition. Sales volume also declined 7.8% YoY but increased 5.7% QoQ after having reached a low in 3Q22.

Being able to source NR latex from within the Group affords us a competitive advantage in production of NR gloves. However, the drop in ASP had an impact on gross profit margin, which was lower than in 1Q22 and 4Q22.

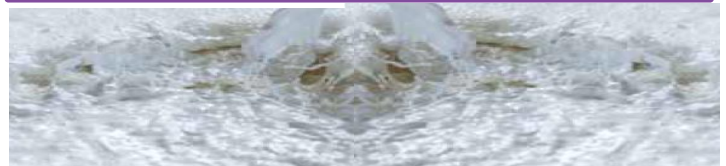


Ribbed Smoked Sheet (RSS)

Revenue from RSS accounted for 4.1% of total revenue and decreased 44.4% YoY and 23.4% QoQ.

The YoY and QoQ decline in revenue resulted from by sales volume that dropped 32.9% and 17.1% QoQ and the ASP that dropped 17.0% YoY and 7.6% QoQ.

Gross profit margin for RSS was higher than in 1Q22 and 4Q22.



Concentrated Latex (LTX)

Revenue from LTX accounted for 0.8% of total revenue and dropped 38.2% YoY and 54.2% QoQ.

The YoY and QoQ decline in revenue resulted from sales volume that dropped 34.7% YoY and 51.9% QoQ and the ASP that dropped 5.3% YoY and 4.8% QoQ.

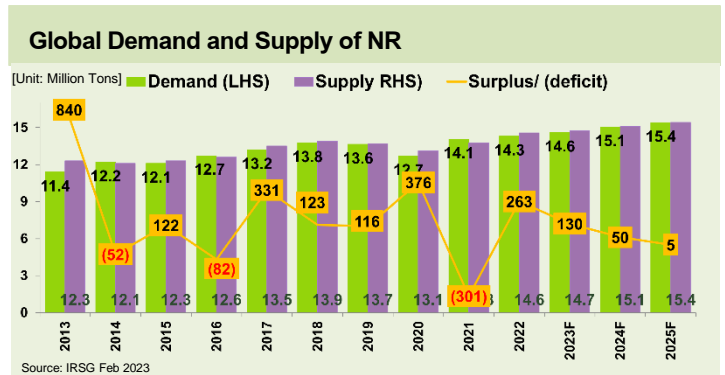
Gross profit margin for LTX was lower than in 1Q22 but higher than in 4Q22.



Natural Rubber Industry Outlook

NR demand in 1Q23 continued to be weighed down by the global economic downturn and policy of higher interest rate to control inflation globally. In addition, the global container shortage and shipping congestion in early 2022 led non-China tire manufacturers to stock up in order to avoid a possible shipment delay. In 3Q22, as the logistics situation started to return to normal and with signs of an economic slowdown, demand from these tire manufacturers started to soften as they were still left with high stock levels and from that point NR prices started to trend down. Meanwhile, with the non-China tire manufacturers remaining on the sidelines, tire manufacturers in China saw the opportunity to stock up. But overall demand in 1Q23 remained depressed as most tire manufacturers were still left with high stock levels. The average price of TSR20 on SICOM in 1Q23 was 137.3 cent/kg, increasing 5.8% QoQ but decreasing 22.4% YoY.

NR prices is expected to fare better in 2Q23 as demand is expected to pick up and tire manufacturers are expected to have lower stock levels. We expect to see clearly the price trend of NR in mid-2023 as stock levels of tire manufacturers start to go down and the Covid-19 situation in China continues to improve, which would allow tire manufacturing to fully resume. We will continue to closely monitor developments in the auto industry as it accounts for more than 90% of NR consumption and has a significant impact on NR prices.

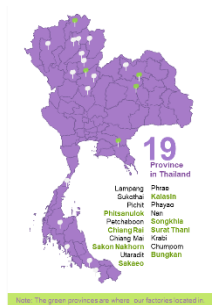


Expansion Progress throughout the Supply Chain

Upstream Business – approximately 7,500 hectares of rubber plantations and other economic crops

As of 31 March 2023, we had approximately 7,500 hectares of rubber plantations in 19 provinces of Thailand, with the majority located in the north and northeast. We estimate that in 2023, rubber trees that can be tapped will account for around 77% of all rubber trees, up from 64% in 2022.

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 2023, our 35 NR processing plants (30 in Thailand, 3 in Indonesia, and 1 in Myanmar) provided 3.42 million tons per annum in installed production capacity. In 2022, we had a market share of 11% of global NR consumption. We plan to expand our TSR production capacity by 1.24 million tons at our processing facilities in the northeast, north and south. We will also expand our LTX production capacity with new facilities in Bungkarn and Narathiwat and with the installation of new machines at the Surat Thani facility. With the capacity expansion, our annual installed production capacity will reach 3.98 million tons by the end of 2023 and 4.16 million tons by the end of 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” and “Sri Trang Friends Station” to facilitate raw material procurement in Thailand and introduce traceability to our products.

Downstream Business – maintaining a leading position amid a challenging landscape

Sri Trang Gloves (Thailand) Public Company Limited (“STGT”), a flagship company of Sri Trang Group, in which STA has 56.0% in direct and indirect shareholding, is a producer and distributor 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, Vietnam and the Philippines and is Thailand’s largest glove producer and ranked among the world’s leading producers. In 2022, STGT had a market share of 7.2% of global glove consumption.