

Financial Result Overview

First increase in ASP since 1Q21, higher sales volume QoQ and THB 15.2 million in net profit but oversupply still persisting.

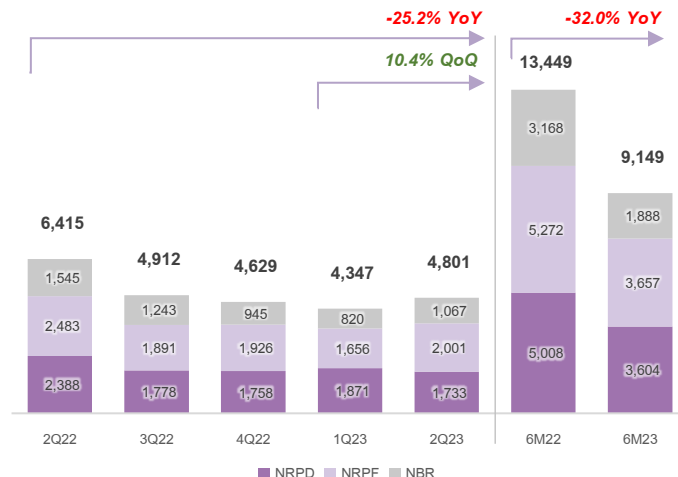
Profit & Loss Analysis

In 2Q/2023, STGT recorded net profit of THB 15.2 million, down by THB 117.2 million or 88.5% QoQ and 97.5% YoY, with a net profit margin of 0.3%.

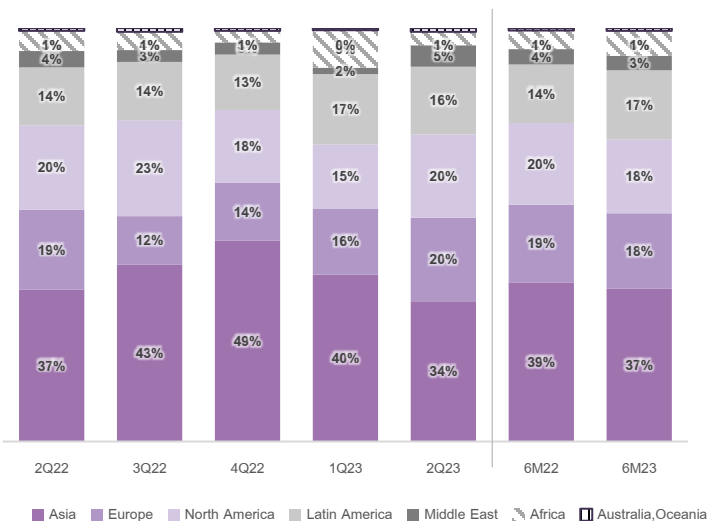
- Revenue in 2Q/2023 totaled THB 5,036.9 million, increasing by THB 455.8 million or 10.0% QoQ. Compared with 2Q/2022, revenue decreased 23.0%. By product, latex powder-free gloves (NRPF) contributed the largest proportion of sales revenue at 42%, followed by latex powdered gloves (NRPD) at 36%, while nitrile gloves (NBR) contributed 22% of sales revenue.
- The ASP in 2Q/2023 was THB 627 (USD 18.27) per 1,000 pieces, increasing 5.1% QoQ but decreasing 25.5% YoY. THB depreciated 1.7% QoQ and 0.2% YoY against USD.
- Sales volume totaled 7,660 million pieces, increasing 5.1% QoQ and 0.4% YoY. The volume growth was driven by NRPF and NBR gloves, which count North America and Europe as major consumers, reflecting an improved overstock situation.
- The ASP increased for the first time in 2 years and sales volume continued to grow. Utilization rate in 2Q23 stood at 58.9%.
- COGS totaled THB 4,515.3 million, increasing by THB 417.6 million or 10.2% QoQ because NR latex costs rose 7.0% and NBR latex costs rose 4.6%. But COGS decreased 13.4% YoY because NR latex costs dropped 24.0% and NBR latex costs dropped 19.1% YoY.
- Gross profit totaled at THB 521.7 million, increasing by THB 38.3 million or 7.9% QoQ with a gross profit margin of 10.4%, unchanged from 1Q/2023, as higher ASP and sales volume contributed to higher revenue. Compared with 2Q/2022, gross profit decreased by THB 807.0 million or 60.7% because of softening demand and lower ASP after Covid-19 had been brought under control.
- SG&A totaled THB 555.5 million, increasing by THB 154.3 million or 38.4% QoQ, mainly from 1) an increase in administrative expenses as depreciation, salary and labor have been allocated to administrative expenses as a result of lower utilization from norm; 2) an increase in allowance for doubtful debt and professional fees; 3) an increase in brokerage fees following an increase in sales volume. Freight costs meanwhile moved down in tandem with freight rates. The percentage of SG&A to sales revenue increased to 11.0% from 8.8% in 1Q/2023 and 9.3% in 2Q/2022.



Gloves' Revenues by Product (THB million)

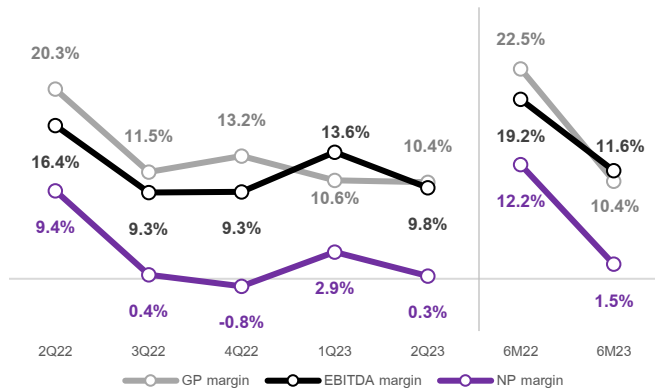


Glove's Revenues by Geography (%)



- We recorded THB 9.8 million in currency exchange loss, widening THB 52.9 million or 122.8% QoQ, but narrowing THB 48.6 million or 83.2% YoY as we had entered into hedging contracts and THB depreciated 1.7% QoQ against USD.
- Finance costs totaled THB 78.8 million, increasing by THB 7.3 million or 10.2% QoQ and by THB 37.3 million or 89.7% YoY because of an increase in interest rates by financial institutions following the policy rate increased.
- Tax expenses totaled THB (18.1) million as a result of an increase in deferred tax assets.
- EBITDA totaled THB 491.8 million, down by THB 129.5 million or 20.8% YoY and by THB 582.0 million or 54.2% YoY. EBITDA margin stood at 9.8% as a result of lower operating profit.

Margin (%)



Financial Positions Analysis

As of 30 June 2023, total assets stood at THB 47,570 million, decreasing by THB 958.5 million or 2.0% from 31 December 2022 and chiefly consisting of THB 6,405.9 million in cash, THB 4,615.2 in current financial assets (fixed deposits of over 3 months), THB 2,364.0 million in accounts receivable, THB 3,877.8 million in inventory and THB 25,864.3 million in PPE.

The decrease in total assets is attributable to a decrease of THB 3,329.6 million or 23.2% in cash and cash equivalents following financial investments, dividend payment and investments in PPE and non-tangible assets. PPE and non-tangible assets decreased THB 461.5 million or 1.8%.

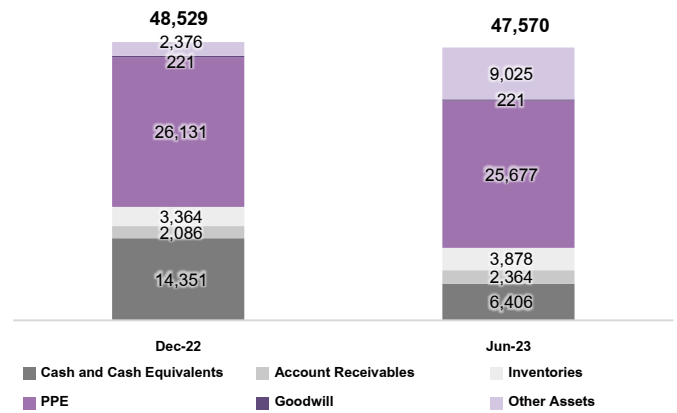
Total liabilities stood at THB 10,633.6 million, decreasing THB 1,084.3 million or 9.3% from 31 December 2022, and mainly consisting of THB 2,077.6 million in accounts payable, THB 1,797.4 million in short-term loans and THB 4,479.5 million in long-term loans under the interest rate subsidy program of the RAOT* and THB 1,498.5 million in debentures. Total equity increased by THB 125.7 million or 0.3% from 31 December 2022.

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

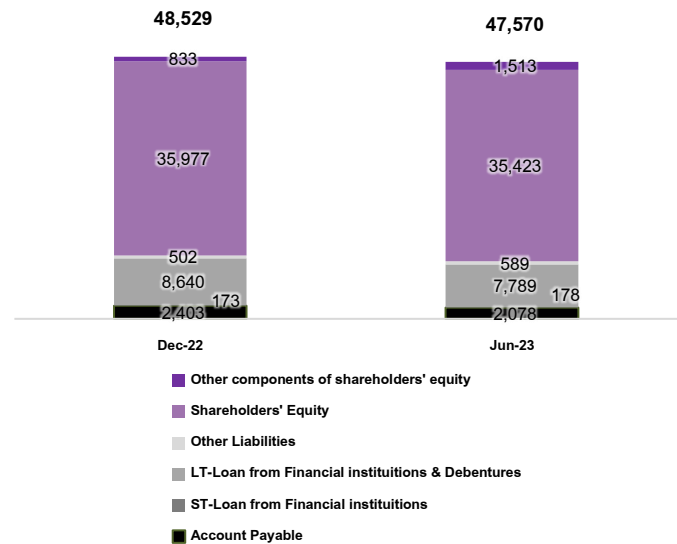
Cash Flows Analysis

For the first 6 months of 2023, we had THB 322.0 million in cash flow from operations, mainly THB 304.2 million in EBIT, THB 797.5 million in an increase in operating assets, THB 407.1 million in received interests, THB 174.3 million in interest payments, and THB 6,900.8 million in cash flow from investments, consisting of THB 6,193.2 million investments in financial assets, THB 726.1 million investments in PPE and non-tangible assets, THB 1,591.3 million in cash flow from financing, mainly THB 851.1 million in long-term loan repayment and THB 716.3 million in dividend payment. Cash and cash equivalents as of 30 June 2023 totaled THB 6,406.0 million.

Assets (THB million)



Liabilities & Shareholders' Equity (THB million)



Key Financial Ratios

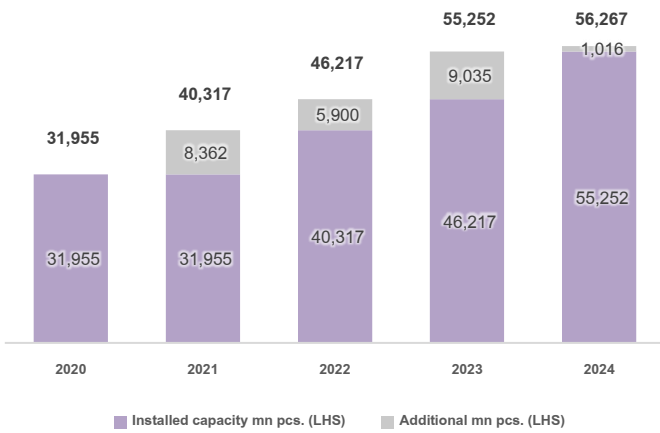
Interest coverage ratio in 2Q/2023 stands at 3.67, increasing from 2.65 in 1Q/2023 because of an increase in cash flow from operations, while interest expenses increased in tandem with interest rates.

Current Ratio as of 30 June 2023 stood at 4.102, increasing from 4.098 as of 31 March 2023, because of a decrease in current liabilities, which declined alongside accounts payable and deferred tax. Current assets also decreased in tandem with a decrease in cash because of financial investments but to a lesser extent than current liabilities.

Cash Cycle in 2Q/2023 was 58.21 days, increasing from 57.08 days in 2Q/2023 because days payable outstanding (DPO) decreased in tandem with the proportion of raw materials with short payment term while days sales outstanding (DSO) and days inventory outstanding (DIO) slightly decreased.

Interest Bearing Debt to Equity Ratio (IBD) for the year ending 30 June 2023 was 0.22x, slightly lower than 0.23x for the year ending 31 March 2023, mainly because of a decrease in long-term loans which were payable in 2Q/2023 while equity slightly decreased in comparison with interest bearing debt.

Installed Capacity & Estimated CAPEX (THB million)



Business strategy

With our unique product mix (NR/NBR), production lines that can efficiently alternate 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. 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.

Our business strategy will focus on:

- **Maintaining our position as a leading producer and distributor of natural rubber gloves**, capitalizing on our competitive advantage over competitors in cost, quality and access to raw material.
- **Increasing production of specialty gloves that respond to specific customer demand**, e.g. non-detectable protein gloves, surgical gloves, diamond-textured gloves that are used in the industrial sector.
- **Growing our market share** from currently 170 countries to over 190 countries within the next 2 years.
- **Managing utilization rate and profitability** to create reasonable returns in the long run while the glove industry is going through the normalization period.
- **Improving efficiency with the use of automation and technology** to minimize costs and labor.
- **Maintaining our ESG leadership** and commitment to social and environmental responsibility and corporate governance with a view to long-term growth.

We are strongly committed to environmental, social and governance issues (ESG) throughout the supply chain, under the concept of “Clean World, Clean Gloves” that focuses that on quality and ESG and manage business risks and inspires confidence in customers through the “SHARE” principles of sustainability: 1) Supply Chain Sustainability and Fair Trade; 2) Human Rights; 3) Animal Welfare; 4) Sharing touch of love; 5) Environmentally Friendly Technology. Highlights of our ESG projects in 2Q/2023 are as follows.

Environmental

- We have consistently monitored our environmental projects, i.e. projects to reduce greenhouse gas emissions (scope 1 and 2), energy consumption per unit, water consumption per unit and waste per unit.
- We have monitored the project to install solar rooftops that generate 1 megawatt of electricity at our Trang facility to measure both the electricity generated and emissions reduced. We have plans to expand the project to the facilities in Hat Yai, Sadao P.S. and Chumphom in 3Q/2023.
- Our Hat Yai facility received the Green Culture certificate level 4 from the Ministry of Industry in 2023.

Social

- We have consistently implemented various community and social development projects. Since 2021, the Surat Thani facility has launched the STGT-SR Palette project in collaboration with the Paralympic Committee of Surat Thani to manufacture furniture from disused palettes at the factory. The Trang facility launched the project in May 2023 to create employment and income as well as foster good relations between STGT and the local communities.
- We have launched a project in collaboration with a local school as part of CSR-DIW 2023 to encourage the school to grow produce in school area and use the produce to provide breakfast to school children to lessen their expenses.

Governance & Economic

- We participated in the THSI sustainability survey during April-May 2023 to evaluate our sustainability performance as measured against other participating listed companies in order to improve our sustainability programs. We have been included on the THSI list and submit the company for consideration for sustainability awards by the SET.
- We participated in the 2023 Corporate Sustainability Assessment (CSA) survey of S&P Global for the second time during June-July to assess our sustainability performance as measured against companies around the world in the same business to improve our sustainability programs and respond to investor interest in ESG Ratings.
- We received the quality award (in the category of medical devices) from the Food and Drug Administration in 2023 for the 12th consecutive year.



2Q23 Key Financial Information (unit: million THB)

	2Q23	1Q23	%QoQ	2Q22	%YoY	6M23	6M22	%YoY
Volume (in million pcs)	7,659.7	7,287.1	5.1%	7,627.5	0.4%	14,946.8	15,532.6	-3.8%
Sales Revenue	5,036.9	4,581.1	10.0%	6,541.5	-23.0%	9,618.1	13,660.0	-29.6%
COGS	(4,515.3)	(4,097.7)	10.2%	(5,212.9)	-13.4%	(8,613.0)	(10,589.0)	-18.7%
Gross profit	521.7	483.4	7.9%	1,328.7	-60.7%	1,005.1	3,071.0	-67.3%
Other income	37.2	35.7	4.0%	31.8	16.7%	72.9	63.8	14.3%
SG&A	(555.5)	(401.2)	38.4%	(606.9)	-8.5%	(956.7)	(1,247.5)	-23.3%
Gain (loss) on exchange rate, net	84.4	(13.5)	NM	142.1	-40.6%	70.9	133.8	-47.0%
Other gains, net	(94.2)	56.5	266.6%	(200.5)	-53.0%	(37.7)	(137.4)	-72.6%
Operating profit (loss)	(6.5)	161.0	-104.0%	695.2	-100.9%	154.5	1,883.7	-91.8%
EBITDA	491.8	621.3	-20.8%	1,073.7	-54.2%	1,113.1	2,624.4	-57.6%
EBIT	75.8	228.4	-66.8%	723.0	-89.5%	304.2	1,940.1	-84.3%
Finance income	82.3	67.4	22.0%	27.7	196.6%	149.7	56.4	165.6%
Finance costs	(78.8)	(71.5)	10.2%	(41.5)	89.7%	(150.3)	(76.5)	96.4%
EBT	(3.0)	156.9	-101.9%	681.5	-100.4%	154.0	1,863.6	-91.7%
Tax	18.1	(24.6)	-173.8%	(65.0)	-127.9%	(6.4)	(195.0)	-96.7%
Net profit	15.2	132.3	-88.5%	616.5	-97.5%	147.5	1,668.6	-91.2%
GP margin	10.4%	10.6%	-0.2%	20.3%	-10.0%	10.4%	22.5%	-12.0%
EBITDA margin	9.8%	13.6%	-3.8%	16.4%	-6.7%	11.6%	19.2%	-7.6%
Net profit margin	0.3%	2.9%	-2.6%	9.4%	-9.1%	1.5%	12.2%	-10.7%
Financial Ratio								
Current ratio	4.10	4.10	0.1%	4.80	-14.6%	4.10	4.80	-14.6%
Cash cycle (days)	58.21	57.08	2.0%	50.02	16.4%	56.54	49.20	14.9%
IBD/E	0.22	0.23	-4.7%	0.21	2.3%	0.22	0.21	2.3%
Interest coverage ratio	3.67	2.65	38.3%	15.12	-75.7%	3.19	22.39	-85.8%
ROA	0.1%	1.1%	-1.0%	4.8%	-4.7%	0.6%	6.6%	-6.0%
ROE	0.2%	1.4%	-1.3%	6.3%	-6.2%	0.8%	8.7%	-7.9%

Sri Trang Gloves (Thailand) Public Company Limited (“**STGT**”) is one of the world’s largest producers of examination gloves. STGT 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 31 June 2023, STGT employed more than 8,600 people in all operating units worldwide including in Thailand, USA, the PRC, Singapore, Vietnam, Indonesia, and Philippines. 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.sritranggloves.com

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