

Financial Result Overview

Net profit doubling from 2Q23 as a result of lower NR and NBR latex costs and THB depreciation against USD, despite slightly lower sales volume, utilization rate maintained at 59% amid persisting oversupply.

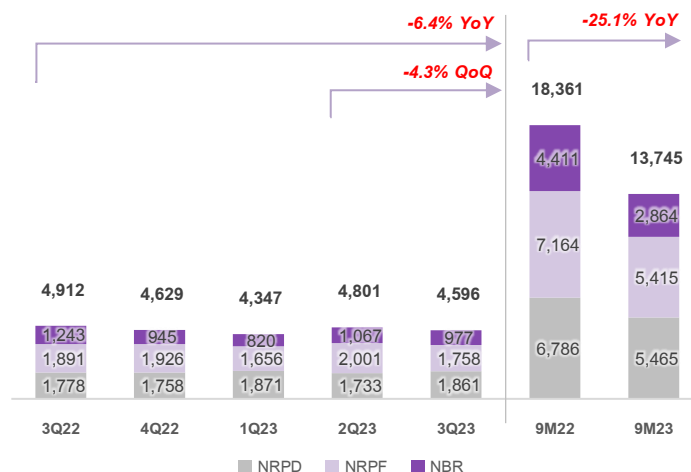
Profit & Loss Analysis

In 3Q/2023, STGT recorded a net profit of THB 47.4 million, up 212.5% QoQ and 117.6% YoY, with a net profit margin of 1.0%.

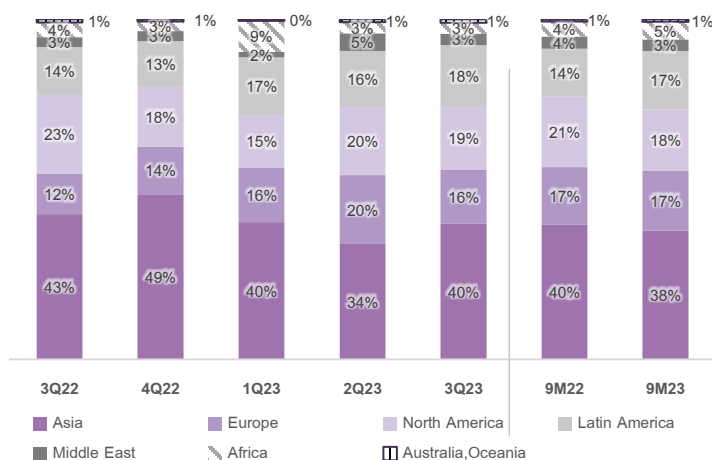
- Revenue totaled THB 4,740.9 million, decreasing THB 296.0 million or 5.9% QoQ and THB 143.0 million or 2.9% YoY.
- By product, latex powdered gloves (NRPD) contributed the largest proportion of sales revenue at 41%, followed by latex powder-free gloves (NRPF) and nitrile gloves (NBR) at 38% and 21% of sales revenue, respectively.
- The ASP in 3Q/2023 was THB 605 (USD 17.28) per 1,000 pieces, decreasing 3.5% QoQ and 21.4% YoY.
- THB depreciated 2.0% QoQ but appreciated 3.4% YoY against USD.
- Sales volume totaled 7,597 million pieces, decreasing 0.8% QoQ but growing 19.1% YoY. The YoY volume growth was driven by a 12.4% increase in NRPD gloves, which count Asia and Latin America as major markets, indicating that an order situation in those markets has started to return to normal.
- The decrease in ASP followed the decline in NR and NBR latex costs. THB also depreciated QoQ against USD. As a result, we were able to maintain utilization rate in 3Q/2023 at 58.9%.
- COGS totaled THB 4,145.5 million, decreasing 8.2% QoQ and 4.1% YoY. The QoQ decrease followed the 9.6% decline in NR latex costs and 19.1% decline in NBR latex costs. The YoY decrease followed the 18.7% decline in NR latex costs and 35.4% decline in NBR latex costs.
- Gross profit totaled THB 595.4 million, increasing THB 73.7 million or 14.1% QoQ and THB 35.8 million or 6.4% YoY, with a gross profit margin of 12.6%, which increased by 2.2% from in 2Q/2023 and 1.1% from in 3Q/2022 as costs decreased.
- SG&A totaled THB 513.2 million, decreasing 7.6% QoQ because of lower brokerage fees as a result of the ASP decrease, a decrease in allowance for doubtful debt and lower freight costs, despite an increase in professional fees. The percentage of SG&A to sales revenue decreased to 10.8% from 11.0% in 2Q/2023 and 3Q/2022.
- We recorded THB 44.2 million in net currency exchange loss, widening by THB 34.36 million QoQ, but narrowing by THB 50.4 million or 53.3% YoY, as a result of THB depreciating by 2% against USD under the currency hedging transactions.
- Finance costs totaled THB 79.4 million, increasing 0.7% QoQ and 73.3% YoY because of higher interest rates from financial institutions following the reference market rate increase.



Gloves' Revenues by Product (THB million)

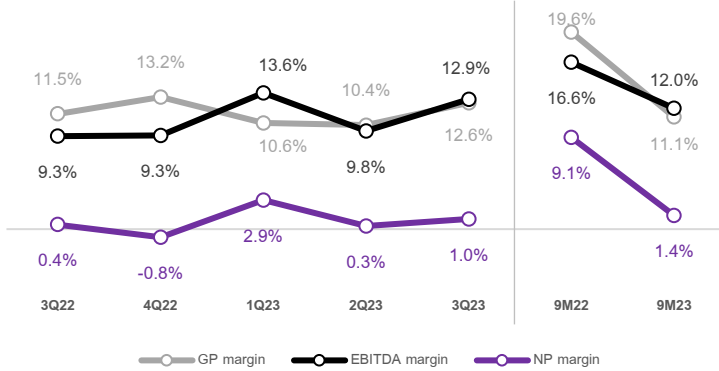


Glove's Revenues by Geography (%)



- Tax expenses totaled THB 54.6 million as a result of higher pre-tax profit, the varying of profits among BOI benefits of our facilities, and the decrease in deferred tax assets (DTA).
- EBITDA totaled THB 612.2 million, increasing 24.5% QoQ and 35.5% YoY. EBITDA margin stood at 12.9%, improving from 9.8% in 2Q/2023 on the back of higher operating profit.

Margin (%)



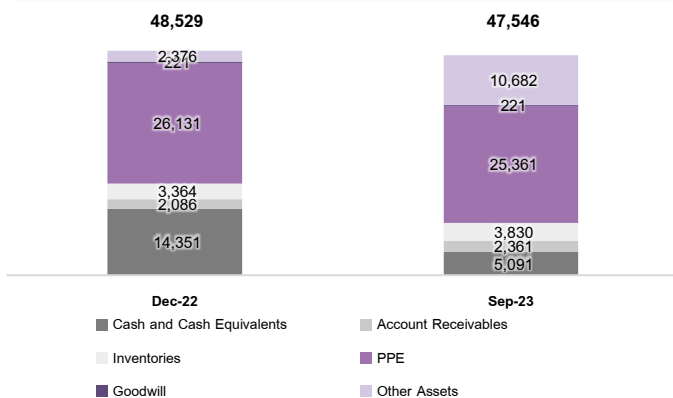
Financial Positions Analysis

- As of 30 September 2023, total assets stood at THB 47,546.4 million, decreasing THB 982.1 million or 2.0% from 31 December 2022, and chiefly consisted of THB 5,091.2 million in cash, THB 4,778.2 in current financial assets (fixed deposits of over 3 months), THB 2,361.0 million in accounts receivable, THB 3,830.0 million in inventory, THB 4,676.9 in non-current financial assets and THB 25,361.3 million in PPE.
- The decrease in total assets is attributable to a loan repayment, dividend payment and depreciation of PPE and non-tangible assets.
- Total liabilities stood at THB 10,138.6 million, decreasing THB 1,579.2 million or 13.5% from 31 December 2022, and mainly consisted of THB 2,107.9 million in accounts payable, THB 136.0 million in short-term loans, THB 5,828.4 million in long-term loans under the interest rate subsidy program of the RAOT* and THB 1,498.6 million in debentures.
- Total equity stood at THB 37,407.8 million, increasing THB 597.1 million or 1.6% from 31 December 2022 from the net profit and the profit from the investment in financial assets which are recorded in other comprehensive income (OCI).

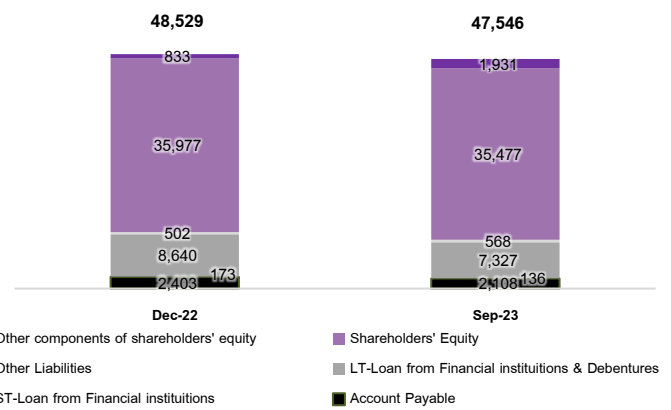
*Long-term loans for capacity expansion under the interest rate subsidy program of the Rubber Authority of Thailand (RAOT), under which up to 3% of interest rate is subsidized.



Assets (THB million)



Liabilities & Shareholders' Equity (THB million)



Cash Flows Analysis

For the first 9 months of 2023, our cash flows consisted of:

- THB 839.9 million in cash flow from operations, mainly from THB 485.6 million in EBIT, a decrease of THB 151.6 million in operating liabilities, THB 160.0 million in received interests, minus THB 474.5 million in an increase in operating assets, THB 274.3 million in interest payments and THB 107.1 million in tax expenses.
- THB 8,396.3 million in cash flow from investments, which consisted of THB 7,586.9 million investments in financial assets and THB 834.1 million in investments in PPE and non-tangible assets; and
- THB 2,096.4 million in cash flow from financing, for THB 1,344.4 million in short-term and long-term loan repayment and THB 716.3 million in dividend payment. As a result, cash and cash equivalents as of 30 September 2023 totaled THB 5,091.2 million.

Key Financial Ratios

Interest Coverage Ratio in 3Q/2023 stands at 8.21, increasing from 3.67 in 2Q/2023 because of an increase in cash flow from operations. Interest expenses also increased in tandem with higher interest rates.

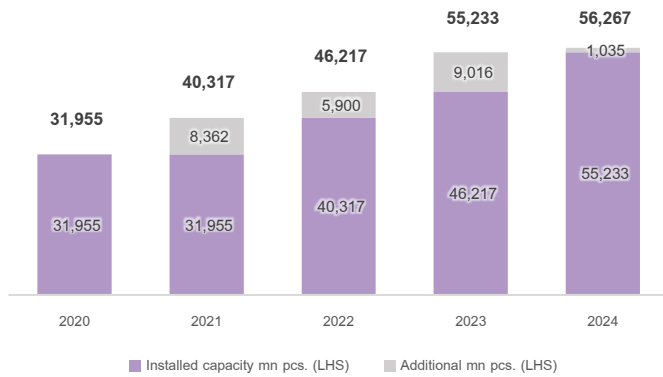
Current Ratio as of 30 September 2023 stood at 3.86, decreasing from 4.10 as of 30 June 2023, because of a decrease in current assets, which declined because of a decrease in cash following investments in financial assets. Current liabilities also decreased in tandem with a decrease in short-term loans and deferred tax liabilities but to a lesser extent than the decrease in current assets.

Cash Cycle in 3Q/2023 stood at 63.34 days, increasing from 58.21 days in 2Q/2023 because days sales outstanding (DSO) increased in tandem with accounts receivable and days inventory outstanding (DIO), while days payables outstanding (DPO) slightly decreased in tandem with the proportion of raw materials with short payment terms.

Interest Bearing Debt to Equity Ratio (IBD) as of 30 September 2023 was 0.20x, slightly lower than the 0.22x as of 30 June 2023, mainly because of a decrease in short-term and long-term loans which were payable in 3Q/2023, while equity increased 1.3%.



Installed Capacity (Million pcs.)



Business strategy

With our unique product mix (NR/NBR), production lines that can efficiently alternate between producing NRP 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 such as 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 more than 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)

STGT gives the importance to sustainable business operations throughout the business value chain with the concept of “**Clean World Clean Gloves**” which focuses on product quality, taking ESG into consideration and dealing with business and emerging risks, and determine to create business values and trust for customers, consumers, and stakeholders. STGT operates its sustainable business through “**SHARE**” Approach which is comprised of 1) Sustainability for supply chain and fair trade 2) Human rights 3) Animal welfare 4) Responsibility & sharing touch of love and 5) Environmentally friendly technologies. For 3Q/2023, STGT had significant ESG operations as the following.

Environmental

- STGT set the targets of achieving carbon neutrality by 2030 and the Net-Zero Emissions by 2050 compared to base year 2021 covering scope 1 and scope 2 greenhouse gas (GHG) emissions through three main strategies which are energy efficiency and process improvement, low-carbon technologies and renewable energy, and carbon offsetting and sequestration.
- STGT assessed and registered Carbon Footprint of Products (CFP) for its 13 additional glove product groups of latex and nitrile gloves. Until now, the Company has had its 18 glove product groups in total which have been registered for CFP with Thailand Greenhouse Gas Management Organization (Public Organization) or TGO.
- STGT is expanding the 1 MW solar power projects to its factories in Hat Yai, Sadao P.S. and Chumphon.

Social

- STGT's Chumphon branch factory has been amfori BSCI certified with A grade. The Chumphon branch factory is the 5th glove factory of the Company that received such standard. **As a result, STGT still maintains A grade of amfori BSCI standard certification for every factory receiving amfori BSCI audits reflecting the international standards of labor and safety of the Company.**
- STGT conducts community and social development projects continuously. Our Trang branch factory has implemented the Upcycling Wood Pallets Project which uses the unused wood pallets in the factory for producing wood furniture in order to promote job creation and revenue for communities. Furthermore, our Surat Thani branch factory has implemented the project of “STGT-SR's Upcycling Wood Pallets” in collaboration with the Sports Association Disabled by bring unused wood pallets in the factory for producing tables, chairs, shelves, etc. to create value added for unused material, promote community job and encourage participation between the Company and communities.
- STGT has continuously implemented the project of “Breakfast for students” to support and encourage local schools to have food ingredient producing areas and bring those food ingredients to prepare breakfast for students. This project encourages students to have breakfast and helps reduce breakfast expenses of students.

Governance & Economic

- STGT received the highest AAA ESG ratings from the Stock Exchange of Thailand, a testament to our equal commitment to business growth and community engagement and the environment under the principles of good corporate governance.
- STGT received the Quality Award (in the category of medical devices) from the Food and Drug Administration in 2023 for the 12th consecutive year.
- STGT obtained CSR-DIW Continuous Award and CSR-DIW Award 2023 from the Department of Industrial Works. This award reflects our determination of social responsibility and environmentally friendly operations and our encouragement of sustainable living with the community.



3Q23 Key Financial Information (unit: million THB)

	3Q23	2Q23	%QoQ	3Q22	%YoY	9M23	9M22	%YoY
Volume (in million pcs)	7,596.7	7,659.7	-0.8%	6,380.6	19.1%	22,543.6	21,913.2	2.9%
Sales Revenue	4,740.9	5,036.9	-5.9%	4,884.0	-2.9%	14,359.0	18,544.0	-22.6%
COGS	(4,145.5)	(4,515.3)	-8.2%	(4,324.4)	-4.1%	(12,758.5)	(14,913.4)	-14.4%
Gross profit	595.4	521.7	14.1%	559.6	6.4%	1,600.4	3,630.6	-55.9%
Other income	45.1	37.2	21.5%	122.5	-63.1%	118.0	186.3	-36.6%
SG&A	(513.2)	(555.5)	-7.6%	(537.6)	-4.5%	(1,469.9)	(1,785.1)	-17.7%
Gain (loss) on exchange rate, net	57.7	84.4	-31.7%	167.9	-40.6%	128.6	301.8	-57.4%
Other gains, net	(101.8)	(94.2)	8.1%	(262.5)	-53.0%	(139.5)	(399.9)	-65.1%
Operating profit (loss)	83.1	(6.5)	NM	49.9	66.7%	237.7	1,933.6	-87.7%
EBITDA	612.2	491.8	24.5%	451.8	35.5%	1,725.3	3,076.2	-43.9%
EBIT	181.4	75.8	139.2%	81.1	123.6%	485.6	2,021.2	-76.0%
Finance income	98.2	82.3	19.4%	31.2	214.5%	247.9	87.6	183.0%
Finance costs	(79.4)	(78.8)	0.7%	(45.8)	73.3%	(229.7)	(122.3)	87.8%
EBT	102.0	(3.0)	NM	35.3	188.9%	255.9	1,898.9	-86.5%
Tax	(54.6)	18.1	NM	(13.5)	303.9%	(61.0)	(208.5)	-70.7%
Net profit	47.4	15.2	212.5%	21.8	117.6%	195.0	1,690.4	-88.5%
GP margin	12.6%	10.4%	2.2%	11.5%	1.1%	11.1%	19.6%	-8.4%
EBITDA margin	12.9%	9.8%	3.2%	9.3%	3.7%	12.0%	16.6%	-4.6%
Net profit margin	1.0%	0.3%	0.7%	0.4%	0.6%	1.4%	9.1%	-7.8%
Financial Ratio								
Current ratio	3.86	4.10	-5.9%	4.85	-20.4%	3.86	4.85	-20.4%
Cash cycle (days)	63.34	58.21	8.8%	67.93	-6.8%	55.78	54.05	3.2%
IBD/E	0.20	0.22	-7.4%	0.25	-19.1%	0.20	0.25	-19.1%
Interest coverage ratio	8.21	3.67	123.9%	29.28	-71.9%	4.92	9.44	-47.9%
ROA	0.4%	0.1%	0.3%	0.2%	0.2%	0.5%	4.4%	-3.9%
ROE	0.5%	0.2%	0.3%	0.2%	0.3%	0.7%	5.9%	-5.2%

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 30 September 2023, STGT employed more than 8,500 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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