

Financial Result Overview

Quarterly profit of THB 1,052.2 million with new products in the pipeline

In 1Q22, we had revenue of THB 7,118.5 million, decreasing 53.9% YoY and 14.1% QoQ because of a decrease in ASP as a result of additional supply in the market. Sales volume grew 17.8% YoY and 4.0% QoQ to 7,905 million pieces as demand remained robust and we expanded into new markets. A focus on NR gloves and a product mix of 76.9% of NR gloves and 23.1% of NBR gloves make our stand out from peers. We recorded a net profit THB 1,052.2 million or THB 0.37 per share, with a net profit margin of 14.8%.

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 and we started marketing for the products in Japan in 1Q22. Also in progress is the installation of production lines for surgical gloves, which command high margin and will be launched in the domestic market in 4Q22.

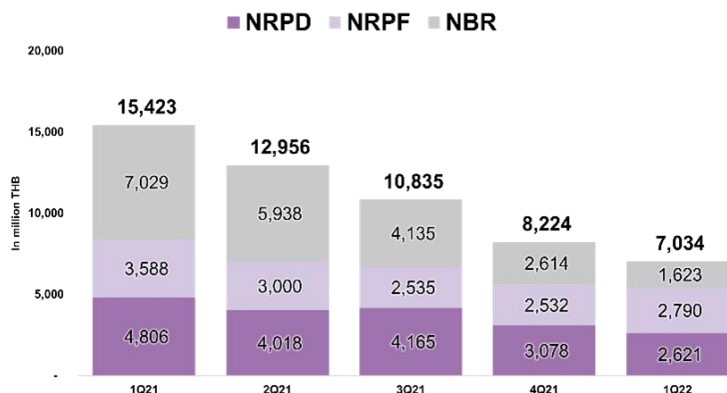
Lower ASP led to revenue decline, while NR gloves led the growth in sales volume

Sales revenue in 1Q22 was THB 7,118.5 million, decreasing 53.9% YoY and 14.1% QoQ because of the ASP that went down 61.3% YoY and 17.7% QoQ to THB 890 (USD 27.1) per 1,000 pieces as a result of increasing supply in the market. Sales volume was 7,905 million pieces, increasing 17.8% YoY and 4.0% QoQ as demand remained strong and the global container shortage and shipping congestion started to lessen, but it still remained slightly below target. Utilization rate in 1Q22 was 87.9%.

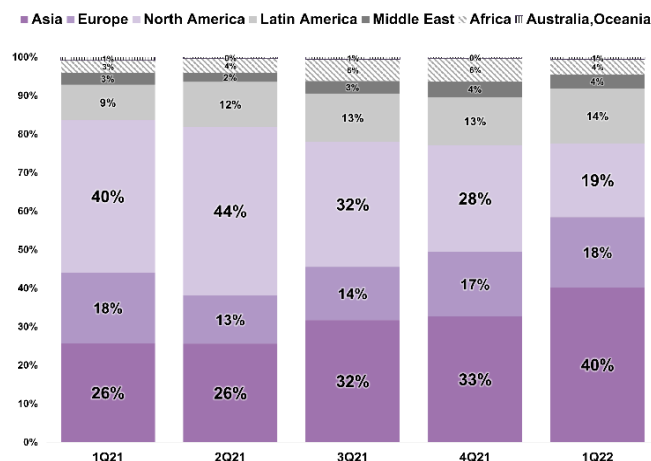
By product, latex powder-free gloves (NRPF) contributed the largest proportion of revenue at 39.7%, followed by latex powdered gloves (NRPD) at 37.3% of total sales revenue, while revenue from nitrile gloves (NBR) accounted for 23.1% of total sales revenue as we placed our focus on NR gloves, in whose 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 1,742.3 in gross profit, decreasing 84.7% YoY and 32.9% QoQ because of the lower ASP as a result of increasing supply in the market. NR latex costs rose 3.8% QoQ (but declined 7.9% YoY). NBR latex costs decreased 35.6% QoQ and 41.1% YoY. However, the decrease in ASP had an impact on gross profit margin, which was 24.5% in 1Q22, down from 74.0% in 1Q21 and 31.3% in 4Q21.

SG&A came in at THB 640.6 million, increasing 43.1% YoY but down 17.9% QoQ because of lower freight costs and lower administrative expenses. As a result, the percentage of SG&A to sales revenue decreased from 9.4% in 4Q21 to 9.0% in 1Q22. But it was higher than 2.9% in 1Q21 because the decline in ASP led to lower sales revenue.

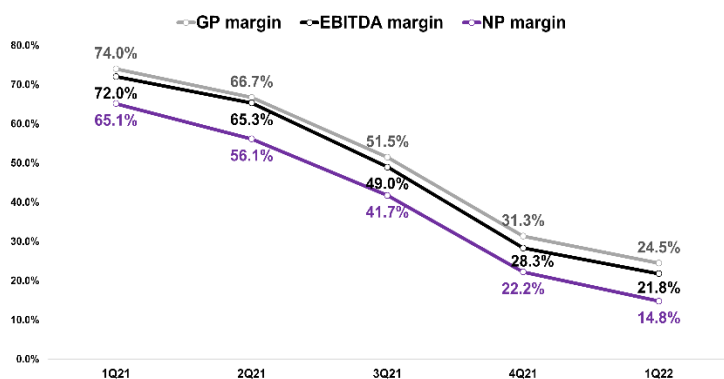
We recorded THB 54.5 million in currency exchange gains, including from currency hedging transactions. EBITDA margin was 21.8%, down from 72.0% in 1Q21 and 28.3% in 4Q21. Finance costs increased 8.6% YoY and 7.1% QoQ to THB 35.0 million in 1Q22 because as construction progressed at the new production facilities, the portion of interest payments on the loans for the construction that was previously recorded as assets was instead recorded as interest expenses even though actual interest payments remained unchanged from 4Q21. All interest expenses will be reimbursed by the RAOT*. Tax expenses came in at THB 130.0 million, decreasing 82.4% YoY and 1.7% QoQ. Our effective tax rate went up to 11.0% because our overseas subsidiary was subject to a higher tax rate, even though the parent company received tax benefits from BOI and had an effective tax rate of 7.6%. **Net profit in 1Q22 was THB 1,052.2 million, decreasing 89.5% YoY and 42.8% QoQ, with a net profit margin of 14.8%.**

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.

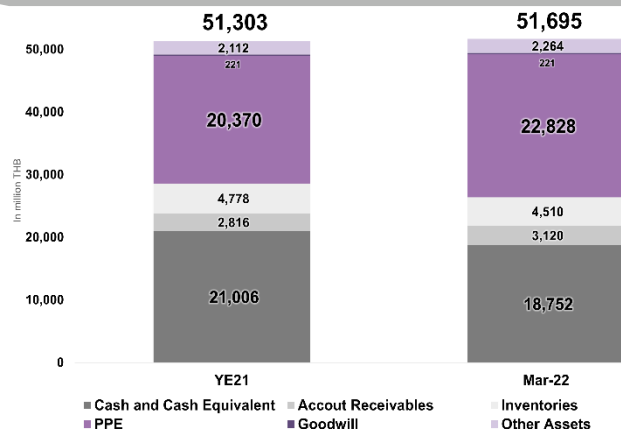
Strong finances and lower debt

Our total assets increased by THB 391.9 million from the end of FY21 to THB 51,694.8 million and mainly consisted of THB 22,828.0 million in property, plant and equipment, which increased by THB 2,458.4 million in tandem with our capacity expansion, and THB 18,752.2 million in cash, which decreased by THB 2,254.0 million after our capacity expansion and payment of dividend, followed by accounts receivable and other receivables, with accounts receivable increasing in tandem with higher sales volume. Cash cycle increased from 36.0 days at the end of FY21 to 45.2 days at the end of 1Q22. Interest-bearing debt (IBD) consisted of THB 8,213.8 million in outstanding short-term and long-term borrowings and leasehold obligations. Almost all outstanding loans or THB 8,139.7 million 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 1Q22, down from 0.22 at the end of FY21.

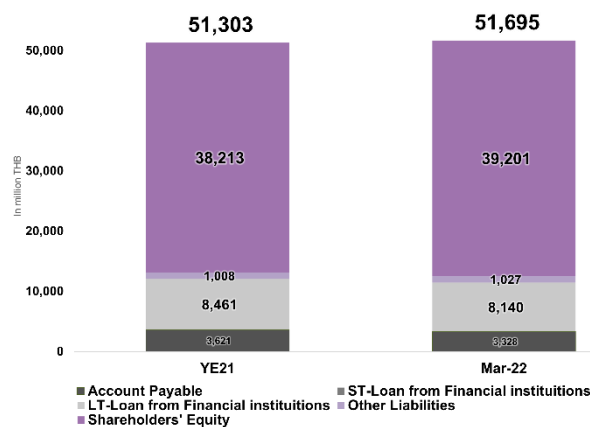
Margin (%)



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 remain committed to an expansion plan to achieve 80 billion pieces in annual installed production capacity by 2024. In 1Q22, 3 new plants, namely, TG3, ANV and CP, commenced operation, bringing total annual installed production capacity to 41.5 billion pieces at the end of March 2022.**

By the end of 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 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 aim to reduce our green house gas emissions by no less than 10% yearly and our energy consumption by no less than 5% yearly. In 2022, we plan to install over 6,000 square meters of solar roof that will generate 1 megawatt, bolstering our commitment to clean energy. We will also implement water reclamation, which is a process that recycles water that will be reused in the production process, thereby reducing our consumption of water, one of the most used resources in glove production. We also utilize wood chips, which are considered biomass and have 3 times lower the emission factor than LPG, as fuel for boilers in production. On **social issues (S)**, 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**, a well-regarded trade organization in Europe, for our plants in Hat Yai and Trang. We take responsibility for visa fees and work permits for all of our foreign workers. All of our employees are provided with appropriate accommodations to ensure good living conditions. To protect the health of our employees, we secured Sinopharm and Moderna vaccines for all local and foreign daily wage and salaried employees, who have been fully vaccinated since September 2021. Additionally, we have organized the **“Sri Trang Group Sharing Love with Local Communities 2” project to provide over 4.2 million pieces of medical gloves** to various organizations in Thailand.

On **governance issues (G)**, we are committed to promoting diversity, including gender, age and ethnicity diversity, among our workforce. Corruption prevention is also our focus and we have submitted a declaration form to join Thailand’s Private Sector Collective Action Coalition against Corruption within FY21 and are expected to be certified within 2022. The many accolades we have received from various organizations are testament to our commitment and **we have been included in the ESG100 index of the Thaipat Institute.**





1Q22 Key Financial Information (unit: million THB)

	1Q22	4Q21	% QoQ	1Q21	% YoY
Sales Volume (in million pcs)	7,905.1	7,604.1	4.0%	6,710.9	17.8%
Sales Revenue	7,118.5	8,285.4	-14.1%	15,433.7	-53.9%
COGS	(5,376.2)	(5,688.5)	-5.5%	(4,013.2)	34.0%
Gross profit	1,742.3	2,596.9	-32.9%	11,420.5	-84.7%
Other income	32.0	73.9	-56.7%	42.9	-25.5%
SG&A	(640.6)	(780.2)	-17.9%	(447.5)	43.1%
Gain (loss) on exchange rate, net	(8.3)	(42.0)	118.0%	273.1	-103.0%
Other gains, net	63.2	127.4	125.5%	(491.2)	-112.9%
Operating profit (loss)	1,188.5	1,976.0	-39.9%	10,797.7	-89.0%
EBITDA	1,550.7	2,346.1	-33.9%	11,115.3	-86.0%
EBIT	1,217.1	2,004.6	-39.3%	10,821.0	-88.8%
Finance income	28.6	28.6	0.0%	23.3	22.9%
Finance costs	(35.0)	(32.7)	7.1%	(32.2)	8.6%
EBT	1,182.1	1,971.9	-40.1%	10,788.8	-89.0%
Tax	(130.0)	(132.3)	-1.7%	(737.2)	-82.4%
Net profit	1,052.2	1,839.7	-42.8%	10,051.6	-89.5%
GP margin	24.5%	31.3%	-6.9%	74.0%	-49.5%
EBITDA margin	21.8%	28.3%	-6.5%	72.0%	-50.2%
Net profit margin	14.8%	22.2%	-7.4%	65.1%	-50.3%
Financial Ratio					
Current ratio	5.00	5.23	-4.5%	5.82	-14.1%
Cash cycle (days)	45.22	45.53	-0.7%	41.82	8.1%
IBD/E	0.21	0.22	-6.2%	0.16	34.5%
Interest coverage ratio	31.01	94.57	-67.2%	272.30	-88.6%
ROA	8.2%	13.8%	-5.6%	81.7%	-73.5%
ROE	10.9%	18.4%	-7.6%	109.4%	-98.5%

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. STGT employs more than 9,700 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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