

## Financial Result Overview

### Quarterly profit of THB 21.8 million in the face of numerous challenges, with new products in the pipeline

In 3Q22, we had revenue of THB 4,884.0 million, decreasing 55.0% YoY and 25.3% QoQ because the ASP continued to decline as supply in the global market has increased substantially while demand has normalized after COVID has been brought under control. Sales volume was 6,381 million pieces, decreasing 11.5% YoY and 16.3% QoQ due to high competition in the market. A focus on NR gloves and a product mix of 74.7% of NR gloves and 25.3% of NBR gloves differentiates us from peers. **We recorded a net profit THB 21.8 million or THB 0.01 per share, with a net profit margin of 0.4%.**

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 positive feedback from customers. Also in our plan are specialty gloves that will respond to specific demand in various markets, including surgical gloves, which will be launched in the domestic market in 4Q22.

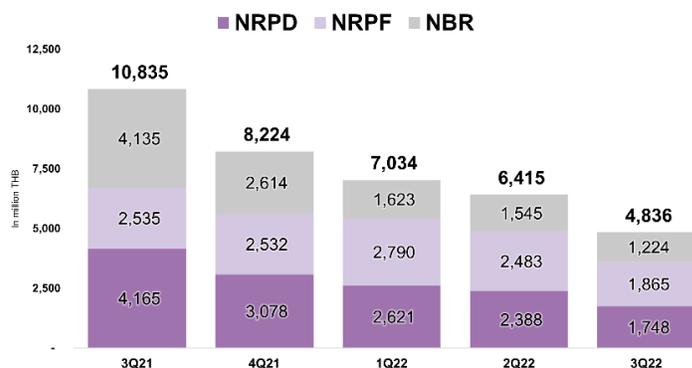
### Lower ASP and sales volume led to revenue decline

Sales revenue in 3Q22 was THB 4,884.0 million, decreasing 55.0% YoY and 25.3% QoQ because of the ASP that declined 48.8% YoY and 8.5% QoQ to THB 770 (USD 21.2) per 1,000 pieces as a result of increasing supply in the market. Sales volume was 6,381 million pieces, decreasing 11.5% YoY and 16.3% QoQ. Utilization rate in 3Q22 was 46.4%.

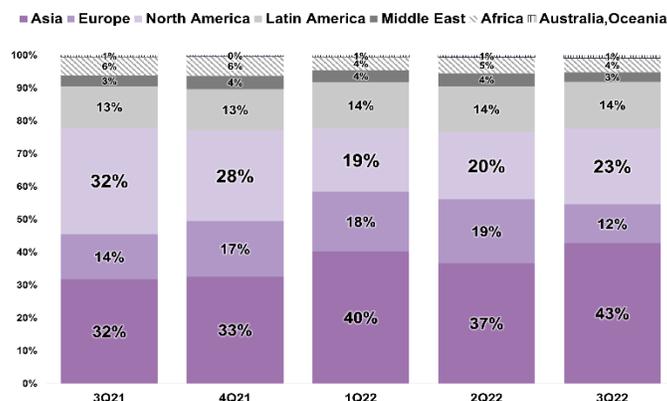
By product, latex powder-free gloves (NRPF) contributed the largest proportion of revenue at 38.6%, followed by latex powdered gloves (NRPD) at 36.1% of total sales revenue, while nitrile gloves (NBR) contributed 25.3% of total sales revenue as we keep our focus on NR gloves because of our competitive advantage in production from the access to raw material and lower transportation costs. Crucially, we can efficiently alter our production lines to adjust the proportion of NRPF and NBR gloves to ensure an optimum product mix.



Gloves' Revenues by Product (THB million)



Glove's Revenues by Geography (%)

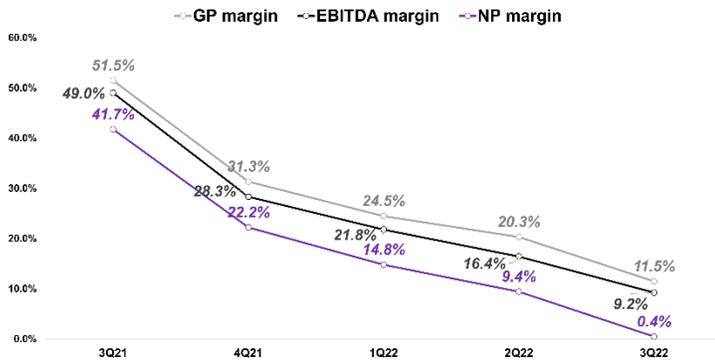


### Lower profit margin as a result of lower ASP and utilization rate

We recorded THB 559.6 in gross profit, decreasing 90.0% YoY and 57.9% QoQ because of the lower ASP and sales volume, a result of the increasing supply in the market. NR latex costs declined 15.4% QoQ and 6.1% YoY while NBR latex costs went up 1.3% QoQ from the depreciation of THB but dropped 46.3% YoY. Gross profit margin was 11.5%, down from 20.3% in 2Q22 and 51.5% in 3Q21.

SG&A came in at THB 537.6 million, decreasing 9.1% YoY and 11.4% QoQ because of lower freight costs. The percentage of SG&A to sales revenue increased from 9.3% in 2Q22 to 11.0% in 3Q22 because of the higher selling expenses from travel expenses to conduct marketing activities in various markets following the ending of travel restrictions. Compared with 5.4% in 3Q21, the percentage of SG&A to sales revenue increased because the decline in ASP led to lower sales revenue. At the same time, freight costs have decreased significantly as the global container and shipping congestion has eased.

## Margin (%)



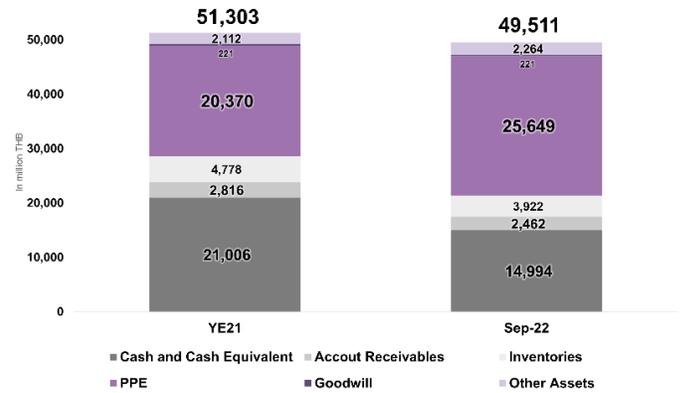
We recorded THB 94.6 million in net currency exchange loss. EBITDA margin was 9.2%, down from 16.4% in 2Q22 and 49.0% in 3Q21. Finance costs increased 47.7% YoY and 10.2% QoQ to THB 45.8 million in 3Q22 because of higher interest rate and as the expansion progressed, the portion of interest payments on the loans for the construction that was previously capitalized in assets was instead recorded as interest expenses. Almost all interest expenses were subsidised by the RAOT\*. Tax expenses came in at THB 13.5 million, decreasing 97.0% YoY and 79.2% QoQ alongside profit before tax. **Net profit in 3Q22 was THB 21.8 million, decreasing 99.5% YoY and 96.5% QoQ, with a net profit margin of 0.4%.**

Note: \* 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.

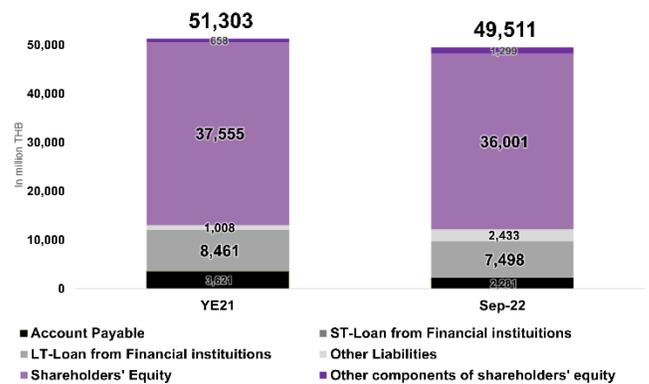
### Strong financial position and lower debt

Our total assets decreased by THB 1,791.5 million from at the end of FY21 to THB 49,511.3 million with cash decreasing by THB 6,012.3 million to THB 14,993.8 million following the capacity expansion, which led our property, plant and equipment to increase by THB 5,307.6 million to THB 25,846.5 million. Interest-bearing debt (IBD) consisted of THB 9,268.5 million in outstanding short-term and long-term borrowings and leasehold obligations. 7,498.1 million in loans were taken under the interest rate subsidy program of the RAOT, for which we stand receive interest subsidies, which will be recorded as other income in 3Q-4Q of every financial year. **Our gearing IBD to equity ratio increased to 0.25 at the end of 3Q22 from 0.22 at the end of FY21 following the issuance of THB 1,500 million in green debenture in September 2022.**

## Assets (THB million)



## Liabilities & Shareholders' Equity (THB million)



### Business strategy and capacity expansion

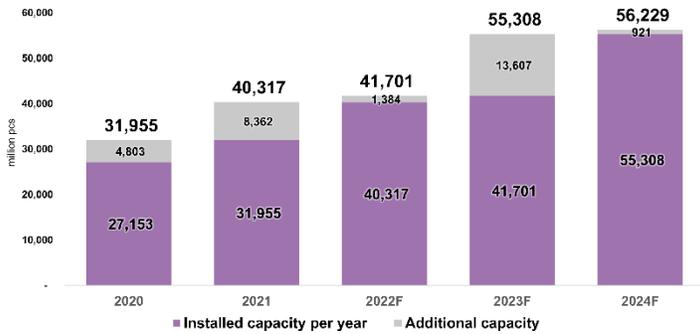
With our unique product mix (NR:NBR), production lines that can efficiently alternate between producing NRP and NBR gloves, and a production base in Thailand, a prime location for quality NR latex, we are well positioned to deliver high quality gloves to consumers worldwide. **We have revised our expansion plan to meet 56 billion pieces in annual installed production capacity by 2024, an adjustment that reflects the current industry climate.**

In 3Q22, the newly expanded production lines of the plants in Trang (TG3), Songkla (ANV) and Chumphorn (CP), were commissioned.

**By the end of FY22, our annual installed production capacity is expected to reach 42 billion pieces, representing a 3.4% 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.



## Installed Capacity



## 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 boilers in production and plan to increase the use of renewable and clean energy. We recently completed the installation of solar panels that generate electricity and help to reduce green house gas emissions by 60 carbon dioxide tons per month at our Trang facilities in June 2022. We also implement a water reclamation system, whereby wastewater gets recycled and reused in the production process, thereby reducing our consumption of water, one of the essential resources in glove production. On waste management, we have set a goal of zero waste to landfill and recently signed an MOU on **environmental management under the principles of the circular economy with the Siam Refractory Industry Co., Ltd.** on August 29, 2022 and have started to reuse disused ceramic glove molds, which previously were sent to landfill, as raw material to produce fire-resistant bricks.

**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 facilities in Hat Yai, Sadao, Trang and Surat Thani. Our Hat Yai plant has also become a member of Sedex and been certified under SMETA. Additionally, we continue to organize various CSR projects that benefit the local communities and accord 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 principles with transparency and accountability. Corruption prevention is also our focus and we have been **certified by Thailand’s Private Sector Collective Action Coalition against Corruption (CAC) on June 30, 2022**. We have received accolades from many organizations such as the level 4 Green Industry Certification from the Ministry of Industry for our facilities in Trang and Surat Thani. Moreover, we have been included on the **ESG100 index** by the Thaipat Institute **for the second consecutive year** and on the list of Thailand Sustainability Investment (THSI) and on the SETTHSI index by the Stock Exchange of Thailand.

## The effect of business challenges on treasury stock

The global glove industry is facing a challenging landscape that resulted from the substantial capacity expansion of glove producers worldwide, particularly in China, Malaysia, Thailand and Vietnam, during the height of the COVID pandemic. Since early 2022, as the threat from COVID started to subside, distributors and customers in many markets have been left with high inventory. This has caused our sales volume to go down and forced us to lower our utilization rate since late 1Q22 while selling prices have also declined. At the same time, production costs have gone up since the start of the war in Ukraine, which has led to a global inflation that has caused prices of energy, chemicals, packaging, transportation, etc. to increase. Our profit margin has borne the brunt as a result. Since the Board of Directors approved the share repurchase on February 17, 2022, many developments that happened have led to a current scenario that we could never have foreseen as it is far beyond the scope of normalization as had been widely anticipated. We therefore have had to exercise caution with regard to cash flow and liquidity to ensure that we will remain in a strong financial position. That we elected not to execute the share repurchase during the period from March 7, 2022 to September 6, 2022 has been done in the best interests of STGT given the circumstances.


**3Q22 Key Financial Information** (unit: million THB)

	3Q22	2Q22	%QoQ	3Q21	% YoY	9M22	9M21	% YoY
Sales Volume (in million pcs)	6,380.6	7,627.5	-16.3%	7,210.1	-11.5%	21,913.2	19,671.3	11.4%
Sales Revenue	4,884.0	6,541.5	-25.3%	10,864.0	-55.0%	18,544.0	39,265.4	-52.8%
COGS	(4,324.4)	(5,212.9)	-17.0%	(5,272.9)	-18.0%	(14,913.4)	(13,603.3)	9.6%
<b>Gross profit</b>	559.6	1,328.7	-57.9%	5,591.2	-90.0%	3,630.6	25,662.1	-85.9%
Other income	122.5	31.8	284.6%	254.4	-51.8%	186.3	288.6	-35.5%
SG&A	(537.6)	(606.9)	-11.4%	(591.7)	-9.1%	(1,785.1)	(1,462.6)	22.1%
Gain (loss) on exchange rate, net	167.9	142.1	18.2%	233.3	-28.0%	301.8	640.2	-52.9%
Other gains, net	(262.5)	(200.5)	30.9%	(499.9)	-47.5%	(399.9)	(1,206.8)	-66.9%
<b>Operating profit (loss)</b>	49.9	695.2	-92.8%	4,987.2	-99.0%	1,933.6	23,921.4	-91.9%
EBITDA	450.2	1,073.7	-58.1%	5,321.7	-91.5%	3,074.6	24,905.0	-87.7%
EBIT	81.1	723.0	-88.8%	5,013.5	-98.4%	2,021.2	23,999.4	-91.6%
Finance income	31.2	27.7	12.6%	26.3	18.9%	87.6	77.9	12.4%
Finance costs	(45.8)	(41.5)	10.2%	(31.0)	47.7%	(122.3)	(94.7)	29.2%
EBT	35.3	681.5	-94.8%	4,982.5	-99.3%	1,898.9	23,904.7	-92.1%
Tax	(13.5)	(65.0)	-79.2%	(449.7)	-97.0%	(208.5)	(2,040.2)	-89.8%
<b>Net profit</b>	21.8	616.5	-96.5%	4,532.8	-99.5%	1,690.4	21,864.5	-92.3%
GP margin	11.5%	20.3%	-8.9%	51.5%	-40.0%	19.6%	65.4%	-45.8%
EBITDA margin	9.2%	16.4%	-7.2%	49.0%	-39.8%	16.6%	63.4%	-46.8%
Net profit margin	0.4%	9.4%	-9.0%	41.7%	-41.3%	9.1%	55.7%	-46.6%
<b>Financial Ratio</b>								
Current ratio	4.85	4.80	0.9%	6.55	-26.1%	4.85	6.55	-26.1%
Cash cycle (days)	67.93	50.02	35.8%	48.48	40.1%	54.05	34.97	54.6%
IBD/E	0.25	0.21	17.0%	0.22	13.4%	0.25	0.22	13.4%
Interest coverage ratio	29.28	15.12	93.7%	220.91	-86.7%	9.44	245.88	-96.2%
ROA	0.2%	4.8%	-4.7%	33.6%	-33.4%	4.4%	59.3%	-54.9%
ROE	0.2%	6.3%	-6.1%	38.4%	-38.2%	5.9%	80.5%	-74.6%

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 September 2022, STGT employed more than 7,800 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.sritranggloves.com](http://www.sritranggloves.com).

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