

Performance Overview

NR business continued to bear the brunt of El Niño, which led to lower sales volume, but finances and liquidity remained solid, while the profitability of the glove business improved.

In Q3/2023, we recorded THB 667.6 million in EBITDA, with an EBITDA margin of 4%, and THB (410.2) million in net loss, with a net loss margin of -2.4%. The softened performance can be explained as follows:

- **The NR business** recorded a softened performance as the supply shortage caused by El Niño led to lower sales volume and increased fixed cost per unit because of decreased economies of scale. As a result, gross profit margin of the NR business lowered to 8.0% compared with the usual 10.0-13.0%.
- **The glove business** recorded increased profit on the back of lower raw metal costs and improved cost management. Gross profit margin of the glove business increased to 11.2% and utilization remained stable at 58.9%.

Our finances and liquidity remained solid with the current ratio at 4.2 and debt to equity ratio at 0.4%.

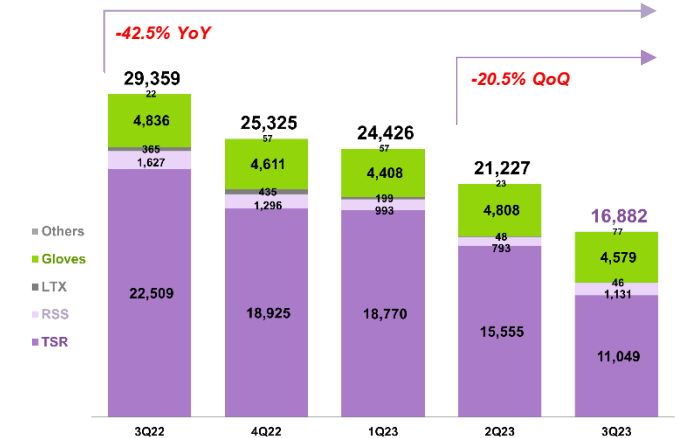
Key Financial Ratios

	3Q23	3Q22	2Q23	FY22
Gross Profit Margin	8.8%	13.3%	9.3%	14.3%
Adjusted Gross Profit Margin**	8.9%	15.7%	10.6%	15.6%
EBITDA Margin	4.0%	8.2%	5.7%	9.4%
Net Profit Margin	-2.4%	3.9%	0.5%	4.3%
Current Ratio (Times)	4.23	3.76	4.86	4.09
Net D/E Ratio (Times)	0.36	0.35	0.31	0.37
Fixed Asset Turnover (Times)*	2.41	2.54	1.77	2.45
Inventory Turnover (Days)*	101	102	89	110
Collection Period (Days)*	27	25	24	25
Payment Period (Days)*	6	8	5	5

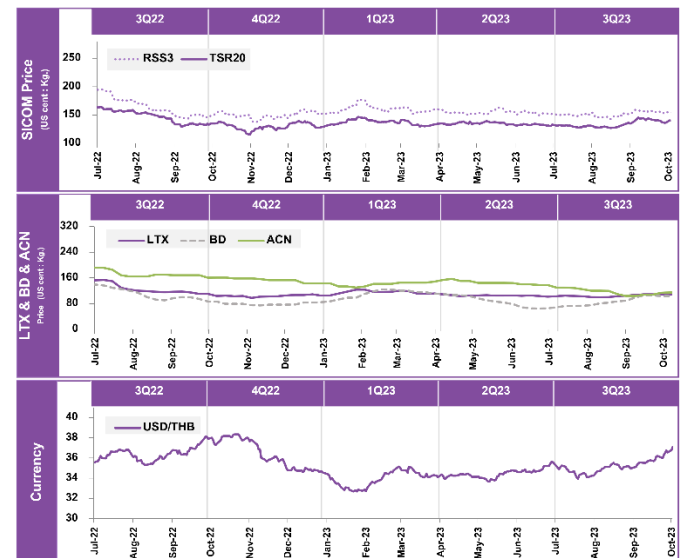
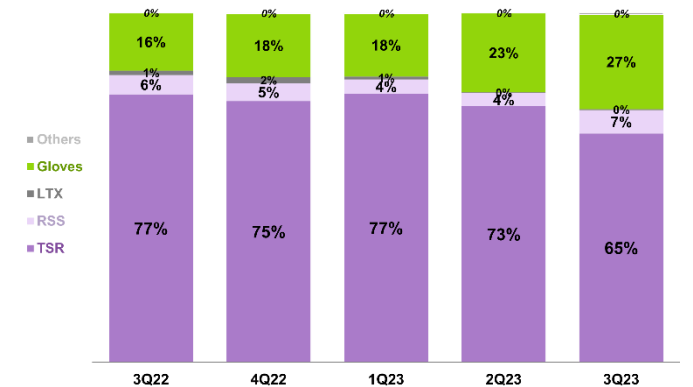
Note: *Annualised

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

Revenue by Product



Revenue Breakdown by Product



ABBREVIATIONS
RSS: Ribbed studded aircraft
LTX: Concentrated latex
TSR: Technically specified rubber, which includes STA and SR
BD: Diene-free
ACN: Acrylonitrile



Statement of Comprehensive Income

Statement of Comprehensive Income (Unit: THB million)	3Q23	3Q22	%YoY	2Q23	%QoQ	9M23	9M22	%YoY
Revenues from sales of goods and services	16,882.5	29,359.0	-42.5%	21,227.0	-20.5%	62,535.8	85,331.9	-26.7%
Cost of sales and services	(15,403.2)	(25,465.9)	-39.5%	(19,257.6)	-20.0%	(56,355.2)	(72,670.6)	-22.5%
Gross Profit	1,479.3	3,893.1	-62.0%	1,969.5	-24.9%	6,180.5	12,661.3	-51.2%
SG&A	(1,702.7)	(2,780.1)	-38.8%	(1,952.8)	-12.8%	(5,777.9)	(7,761.8)	-9.2%
Other income and dividend income	41.4	131.3	-68.5%	111.8	-63.0%	255.7	271.7	-5.9%
Gain (loss) on exchange rates	108.6	256.5	-57.7%	82.3	32.0%	8.1	391.3	-97.9%
Other gain	(206.0)	20.6	-1,099.0%	120.1	-271.5%	119.9	159.8	-25.0%
Profit from operating activities	(279.3)	1,521.5	-118.4%	330.9	-184.4%	786.2	5,722.3	-86.3%
Share of profit (loss) from investments in associate and JV	10.3	85.4	-88.0%	(14.6)	-170.2%	(41.0)	220.7	-118.6%
EBITDA	667.6	2,419.2	-72.4%	1,214.1	-45.0%	3,429.5	8,281.4	-58.6%
EBIT	(269.1)	1,606.8	-116.7%	316.3	-185.1%	745.3	5,943.0	-87.5%
Finance income	155.1	36.9	320.4%	133.3	16.3%	372.6	95.7	289.5%
Finance cost	(352.5)	(343.0)	2.8%	(347.8)	1.3%	(1,080.5)	(863.5)	25.1%
Income tax (expense)	54.6	(154.0)	-135.5%	(0.4)	12,939.8%	(0.6)	(640.3)	-99.9%
Net profit for the period	(411.9)	1,146.7	-135.9%	101.3	-506.5%	36.8	4,534.9	-99.2%
Attributed to equities holders of the Company	(410.2)	1,155.9	-135.5%	110.0	-472.9%	(12.3)	3,807.0	-100.3%
Attributed to non-controlling interests of the subsidiaries	(1.6)	(9.2)	-82.4%	(8.9)	-81.4%	49.1	727.9	-93.3%

Total Revenue from products and services

Total revenue from products and services in Q3/2023 came in at THB 16,882.5 million, decreasing 20.5% QoQ and 42.5% YoY mainly because the NR business recorded lower revenue.

Revenue from NR, which accounted for 72.4% of total revenue, totaled THB 12,226.4 million, decreasing 25.4% QoQ and 50.1% YoY.

- The QoQ decline in revenue resulted from sales volume that dropped 27.8% because of the difficulty of sourcing raw materials as a result of of El Niño, which caused a prolonged wintering period. The ASP, meanwhile, increased 2.7%
- The YoY decline in revenue resulted from sales volume that dropped 37.9% because of the scarcity of raw materials and the ASP that declined 23.3% because of subdued demand following a high level of inventory of tire producers.

Revenue from gloves, which accounted for 27.1% of total revenue, totaled THB 4,579.1 million, decreasing 4.8% QoQ and 5.3% YoY.

- The QoQ decrease in revenue resulted from the ASP that declined 3.5% in tandem with raw material costs and sales volume that dropped 0.8%.
- The YoY decrease in revenue resulted from the ASP that dropped 21.4% as a result of the intense price competition amid an oversupply while sales volume grew 19.1% as the overstocking situation started to improve.

Revenue by Product (THB million)

Products	3Q23	3Q22	%YoY	2Q23	%QoQ
TSR*	11,049.4	22,509.3	-50.9%	15,554.8	-29.0%
%	65.4%	76.7%		73.3%	
Gloves	4,579.1	4,836.2	-5.3%	4,808.4	-4.8%
%	27.1%	16.5%		22.7%	
RSS	1,130.6	1,626.6	-30.5%	793.4	42.5%
%	6.7%	5.5%		3.7%	
LTX	46.4	364.9	-87.3%	47.9	-3.2%
%	0.3%	1.2%		0.2%	
Other**	76.9	22.1	248.4%	22.5	241.8%
%	0.5%	0.1%		0.1%	
Total	16,882.5	29,359.0	-42.5%	21,227.0	-20.5%

Note:

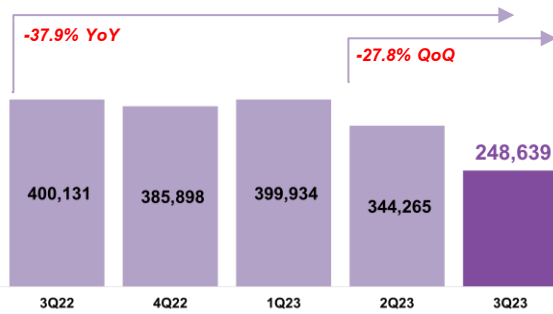
* Revenue from TSR is net from hedge accounting.

** 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.

In addition, natural rubber revenue includes TSR, RSS and LTX products.

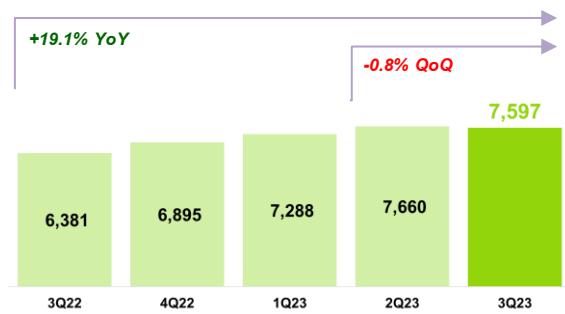


NR Sales volume (tons)



- Sales volume for NR totaled 248,639 tons, decreasing 27.8% QoQ and 37.9% YoY.
- The decrease in sales volume can be attributed to the difficulty we continued to face in sourcing raw materials as a result of (El Niño), which caused a prolonged wintering period and a reduction of NR supply.
- While the wintering period normally lasts 3-4 months, the wintering period in 2023 was prolonged by 1.5-2 months, whereas in 2022, there was no wintering period at all because of the higher rainfall as a result of La Niña.
- Although we had increased our raw material stock by 20% during the peak harvest season in Q4/2022 and Q1/2023, we were still left with a shortage and were compelled to reduce production, leading our utilization rate in Q3/2023 to lower to 40.2%.
- Geographically, China accounted for the largest portion of sales volume at 50.6%, followed by other countries in Asia at 20.7%. Thailand contributed 13.6% of total sales volume while Europe, the Americas, and other markets accounted for 7.4%, 7.1% and 0.5% of total sales volume, respectively.

Glove Sales Volume (million pieces)



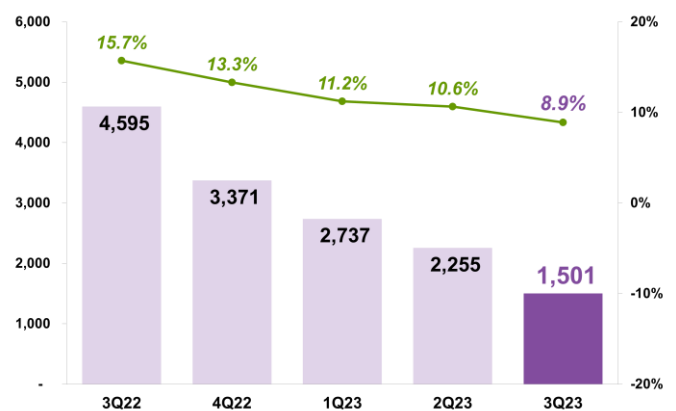
- Sales volume for gloves totaled 7,597 million pieces, decreasing 0.8% QoQ but growing 19.1% YoY.
- The gradual increase in sales volume since Q3/2022 reflects a gradual pickup in demand and our utilization rate in Q3/2023 remained stable at 58.9%.
- The proportion of sales revenue between NR and NBR gloves in Q3/2023 was 79:21 as it is our strategy to focus on NR gloves, for which we have a competitive advantage in the access to NR raw material.
- Geographically, Asia accounted for the largest portion of sales volume at 38.4%, followed by Latin America at 21.0%. North America, Europe, the Middle East and Africa contributed 16.4%, 16.2%, 3.6% and 3.5% of sales volume, respectively. Other regions accounted for 0.9% of sales volume.

Gross Profit

Gross profit in Q3/2023 totaled THB 1,479.3 million, down 24.9% QoQ and 62.0% YoY.

- The decrease in gross profit can be attributed to the substantial decline in NR sales volume as the NR supply shortage led raw material costs to go up more than the selling prices on the markets.
- Gross profit margin stood at 8.8%, down from 9.3% in Q2/2023 and 13.3% in Q3/2022.
- Accounting for the reversal of inventory allowance in the amount of THB (17.1) million and THB 38.3 million in realized gains from hedging transactions, adjusted gross profit margin in Q3/2023 would be 8.9%, down from 10.6% in Q2/2023 and 15.7% in Q3/2022.

Adjusted GP (THB million) and GPM* (%)



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



Selling and Administrative Expenses (SG&A)

SG&A in Q3/2023 totaled THB 1,702.7 million, decreasing 12.8% QoQ and 38.8% YoY. The percentage of SG&A to sales stood at 10.1%, up from 9.2% in Q2/2023 and 9.5% in Q3/2023.

- The QoQ decrease in SG&A resulted from lower CESS and lower transportation costs following lower sales volume.
- The YoY decrease in SG&A resulted from lower freight rates and lower CESS and transportation costs following lower sales volume.
- At the end of Q3/2023, we had THB 365.5 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.*

Operating Loss

- Operating loss in Q3/2023 totaled THB (279.3) million, decreasing from THB 330.9 million in Q2/2023 and THB 1,521.4 million in Q3/2022 because the weakened performance of the NR business led to difficulties in managing SG&A. Operating margin came in at -1.7%.
- We recorded THB 108.6 million in gains from exchange rates and THB (206.0) million in other loss and recorded THB 41.4 million in other income and dividend.

Share of profits from associates and joint ventures

- Share of profits from associates and joint ventures in Q3/2023 totaled THB 10.3 million, improving from a share of loss of THB (14.6)% in Q2/2023 because of better performance of the NR joint venture, but decreasing 88.0% compared with Q3/2022 because of lower profit of the NR and hydraulic hose joint ventures.

Finance costs

- Finance costs total THB 352.5 million, increasing 1.3% QoQ and increasing 2.8% YoY because interest rates from financial institutions increased following the policy of interest rate increase.

Net Loss

- Net loss in Q3/2023 totaled of THB (410.2) million, with a net loss margin of -2.4%, because the NR business faced challenges from El Niño, which caused a scarcity of NR supply that led to difficulties in production management, while the profit margin of the glove business remained stable.

Inventory

- Inventory at the end of Q3/2023 totaled THB 16,728.6 million. NR inventory stood at THB 13,000 million, decreasing 40.5% from THB 22,000 million at the end of FY2022 as the prolonged wintering period and lower rainfall brought about by El Niño led to a reduction in NR supply.



Sri Trang Ecosystem:

Towards Sustainability and Revolutionizing the Global Natural Rubber Industry



“Sri Trang Group has implemented Digitalization and Digital Transformation technologies across all its operations, aligning with its identity as a Green Rubber Company, a commitment that has been upheld for over a decade. This initiative marks the beginning of the 'Sri Trang Ecosystem,' a system that gathers and connects a wealth of data, ensuring transparency and traceability throughout the entire supply chain. The Company emphasizes its leadership role in differentiating itself and pursuing sustainable growth, spearheading a global revolution in the natural rubber industry.”

❖ Certification of Forest Stewardship Council (FSC)

The company has been certified by the Forest Stewardship Council (FSC), a globally recognized standard for sustainable forest management since 2019. We have been granted FSC-FM certification for sustainable forest management in our rubber plantation business. Furthermore, we have also achieved FSC-COC certification for the sustainable management of our product supply chain, covering the STR factory at Phitsanulok branch, as well as the concentrated latex factory at Hat Yai branch.

❖ Sri Trang is ready for EUDR

The Company has prepared for compliance with the EU Deforestation-Free Regulation (EUDR), which emphasizes traceability for products related to forests, including rubber products, to ensure that these products are free from deforestation. This regulation is set to become effective in late 2024. The Company has developed the Sri Trang Friends Application, SAP system, and other tools to connect and enable full traceability within its operations. Sri Trang views the EUDR as a business opportunity.

❖ Commitment to Becoming a Low-Carbon Company

The Company has embarked on a 1 MW Floating Solar Project at its STR factory in Mukdahan province. Furthermore, it has initiated projects dedicated to capturing and reducing greenhouse gas emissions in teak wood plantations in Pua District, Nan Province, and in rubber plantations in Chiang Mai Province. All these projects have been registered under the Thailand Voluntary Emission Reduction (T-VER) program and have collectively resulted in a significant reduction of over 28,000 tCo2e. This reduction aims to secure certification for greenhouse gas emissions reduction and carbon credits resulting from the implementation of these projects.



ESG Activities in Q3/2023



Environmental

- STA 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 GHG emissions through three main strategies which are energy efficiency and process improvement, low-carbon technologies and renewable energy, and carbon offsetting and sequestration.
- STA is proceeding solar power project expansion at STR factory branches in Thung Song, Huai Nang, and Udon Thani with the total capacity of 5.72 MW. These solar power projects are expected to operate in March 2024.
- STA successfully registered Carbon Footprint of Products (CFP) for its STR, mixture and concentrated latex products with the Thailand Greenhouse Gas Management Organization (Public Organization) or TGO.
- The greenhouse gas capture and reduction project in the rubber plantations of the Sri Trang Group, covering 14,808 Rais and 15,356 Rais, has been successfully registered under the T-VER program in July and September 2023, respectively.
- Waste sorting for recycling activities which have been operated under the Waste Bank Project initiated by the Company have been certified under the Low Emission Support Scheme (LESS). Until September 2023, the Company has had 29 factories which have participated and received the LESS certification from the TGO. This project has reduced GHG emissions by 107,291 kilograms of carbon dioxide equivalent (kgCO₂e)



Social

- STA organized the 4th Year Good Quality Latex Creates Happiness project via roadshow in 11 provinces in the Northeast and Southern regions to engage rubber farmers, provide knowledge and create correct understanding about the proper latex production of latex with the good quality for the use as raw material for the manufacturing of standardized products and create sustainability for Thailand's natural rubber industry.
- STA implemented the "STA Safety Community" project to raise awareness and provide knowledge for people in the community about good health and well-being and safety practices in emergency situations.
- STA organized the 7th Year STA STEM Student project with 12 schools in 7 provinces. The purpose of the project is established to enhance outdoor experiential learning for local elementary students in different subjects as well as to promote the Company as a community learning center.



Governance & Economic

- STA has joined as a member of the Global Platform for Sustainable Natural Rubber (GPSNR) to demonstrate the intention and commitment to operate sustainable natural rubber business throughout the natural rubber value chain. GPSNR is a working platform which brings together companies, smallholder farmers, and the civil society for the Systemic Change of the natural rubber supply chain to be sustainable, equitable and fair.
- STA has implemented the ESG risk assessment in the natural rubber supply chain by using the RubberWay application. Recently, four additional factories of the Company have implemented the RubberWay application. Until now, the Company has had 11 factories which have participated in the RubberWay application for the ESG risk assessment in the natural rubber supply chain.
- STA received the CSR-DIW Continuous Award and CSR-DIW Award 2023 from Department of Industrial Works.



SRI TRANG FRIENDS APPLICATION

One stop service Application for all farmers and friends, promoting transparency, trust and traceability in our ecosystem.

SCAN NOW



FAIR TRADE & TRANSPARENCY

BIG DATA & INTEGRATION

DISINTERMEDIATION



Stakeholder Well-Being

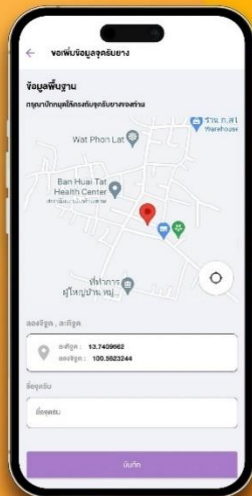
- 1 More convenient and easier to sell rubber.
- 2 Improving the quality of life.
- 3 Easier to access news and information.
- 4 Mitigating risks in the natural rubber supply chain.
- 5 Upgrading the natural rubber industry standards.

For All Stakeholder Trader and Farmer sell rubber to STA via this Platform



SRI TRANG SUPER DRIVER LOGISTIC PLATFORM

Provide delivery services for STA-member farmer who requests to use 'Super Driver' services in order to pick up their raw material directly from farms and deliver to STA factories



TRACEABILITY & TRANSPARENCY

- ✓ Delivery services right from rubber plantations
- ✓ Promote trust and reliability via GPS

DISINTERMEDIATION

- ✓ Farmers are able to delivery raw material to STA factories directly

BIG DATA & INTEGRATION

- ✓ Real time transaction & location monitoring

Stakeholder Well - Being

- 1 Create job opportunity within community (**Driver**)
Optimizing your time management (**Farmer**)
- 2 Expanding your array of choices (**Farmer**)
- 3 Attaining access to extensive, in-depth rubber information (**Customer**)

For Farmer & Driver
Driver delivers rubber from Farmers
via this platform



Business Segmentation Analysis



Technically Specified Rubber (TSR)

- Revenue from TSR accounted for 65.5% of total revenue and decreased 29.0% QoQ and 50.9% YoY.
- The QoQ decrease in revenue resulted from sales volume that declined 31.0% as the difficulty in sourcing raw material in both Thailand and Indonesia compelled us to reduce production, while the ASP slightly went up 2.6%.
- The YoY decrease in revenue resulted from sales volume that declined 38.7% and the ASP that dropped 23.8% as tire producers are still left with a high level of inventory.
- Gross profit margin of TSR in Q3/2023 is lower than in Q2/2023 and Q3/2022.



Ribbed Smoked Sheet (RSS)

- Revenue from gloves accounted for 27.1% of total revenue and decreased 4.8% QoQ and 5.3% YoY.
- The QoQ decrease in revenue is mainly attributed to the ASP that dropped 3.5% following a decrease in raw material costs, while sales volume slightly decreased 0.8%.
- The YoY decrease in revenue resulted from the ASP that dropped 21.4% as a result of intense price competition amid an oversupply. Sales volume, meanwhile, increased by 19.1%.
- Gross profit margin of RSS in Q3/2023 is lower than in Q2/2023 and Q3/2022.



Gloves

- Revenue from gloves accounted for 27.1% of total revenue and decreased 4.8% QoQ and 5.3% YoY.
- The QoQ decrease in revenue is mainly attributed to the ASP that dropped 3.5% following a decrease in raw material costs, while sales volume slightly decreased 0.8%.
- The YoY decrease in revenue resulted from the ASP that dropped 21.4% as a result of intense price competition amid an oversupply. Sales volume, meanwhile, increased by 19.1%.
- Gross profit margin of gloves in Q3/2023 is higher than in Q2/2023 but is unchanged from in Q3/2022.



Concentrated Latex (LTX)

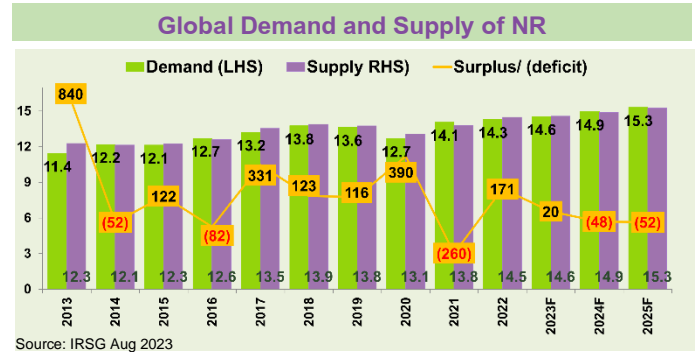
- Revenue from LTX accounted for 0.3% of total revenue and declined 3.2% QoQ and 87.3% YoY.
- The QoQ decrease in revenue resulted from the ASP that dropped 7.9% while sales volume rose 5.1%.
- The YoY decrease in revenue resulted from sales volume that dropped 84.4% and the ASP that went down 18.3%.
- Gross profit margin of LTX in Q3/2023 is higher than in Q2/2023 and Q3/2022.



NR Industry Overview

- In Q3/2023, the NR industry continued face the same pressures as in Q2/2023, from the El Niño phenomenon, which had a major impact on NR supply, and the level of inventory of tire producers as well as the global economic slowdown.
 - NR prices** went down slightly from Q2/2023 as demand remained subdued, with the average price of TSR20 on SICOM at 133.5 cent/kg, down 0.7% QoQ and 9.0% YoY.
 - NR supply** continued to decline in both Thailand and Indonesia, the world's largest and second-largest NR producers, which, according to the ISRG, account for 37% and 17% of global NR supply, respectively. El Niño, which prolonged the wintering period in Thailand as the country recorded less-than-average rainfall, had a major impact as the wintering period, which normally starts at the end of February and lasts until May, lasted for 4 months in the north and northeastern and for 3.5 months in the south. As a result, tapping could only resume in July, 1.5 – 2 months later than usual (in May and June).
- NR supply in Indonesia continued to decline and the situation is unlikely to improve as farmers in the country have long since turned to palm oil and mining and urbanization has steadily increased.
- Offsetting the supply reduction in Indonesia, NR supply from Ivory Coast has grown 35% from 2019 to 2022 and the country is poised to become the world's third largest NR producer in place of Vietnam, which is why we have set up operations in the country. We successfully set up two procurement centers to purchase raw materials in June and November and have plans for further expansion.
 - NR Demand** in Q3/2023 remained subdued but improved from Q2/2023 as the inventory level of tire producers started to return to normal. However, the global economic uncertainty had an impact on sentiments and the high interest rates lead to cash flow and liquidity constraints on the part of tire producers.
 - As for **NR price trend** in Q4/2023, NR prices went up in October 2023, buoyed by a gradual pickup in demand. Meanwhile, we will have to keep monitoring factors such as rainfall level, which will directly affect NR supply in Q4/2023, when it is the peak harvest season in Thailand, as well as production planning of tire producers, who normally views the production year of tires as important. There are also concerns about the wars between Russia and Ukraine and between Hamas and Israel and other geopolitical tensions, which could lead to disruptions in the oil and natural gas markets, causing an impact on the global economy.

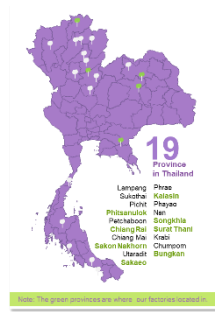
*Source: IRSG World Rubber Industry Outlook, Aug 2023



Expansion Progress throughout Supply Chain

Upstream – about 7,200 hectares of rubber plantations and economic plants

- As of 30 September 2023, we had approximately 7,200 hectares of rubber plantations and other economic plants 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 the total, 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.**



Downstream – maintaining a leading position amid a challenging landscape

- Sri Trang Gloves (Thailand) Public Company Limited (“STGT”)**, in which STA holds 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.

Midstream – maintaining profitability, gaining market share and moving toward “STA 20”

- As of 30 September 2023, our 35 NR processing plants (31 in Thailand, 3 in Indonesia, and 1 in Myanmar) provided 3.55 million tons per annum in installed production capacity. In 2022, we had a market share of 11% of global NR consumption.
- We have plans to expand our TSR production capacity by 1.16 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 this capacity expansion, **our annual installed production capacity will reach 3.76 million tons by the end of 2023 and 4.16 tons by the end of 2024.**
- We intend 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.



Investor Relations Department
Tel. +662 207 4500 ext. 1404
Email. IR@sritranggroup.com

