

## Performance Overview

Net profit increased 471.3% YoY to THB 628.4 million in Q2/2024, driven by stronger performance of both NR and Gloves.

We delivered the first shipments of EUDR rubber to customers in Q2/2024 and new orders are coming in steadily.

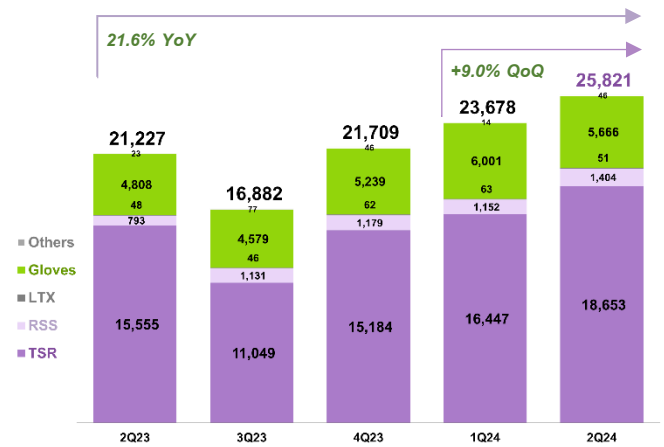
- **NR** recorded higher revenue on the back of demand from non-China producers that had started to recover in late last year and continued to be robust, leading to the higher ASP and gross profit margin.
- **Glove** recorded higher ASP and gross profit margin although export volume was impacted by the shipping disruption that led to substantially higher freight rates and prompted customers to delay shipment delivery.

## Key Financial Ratios

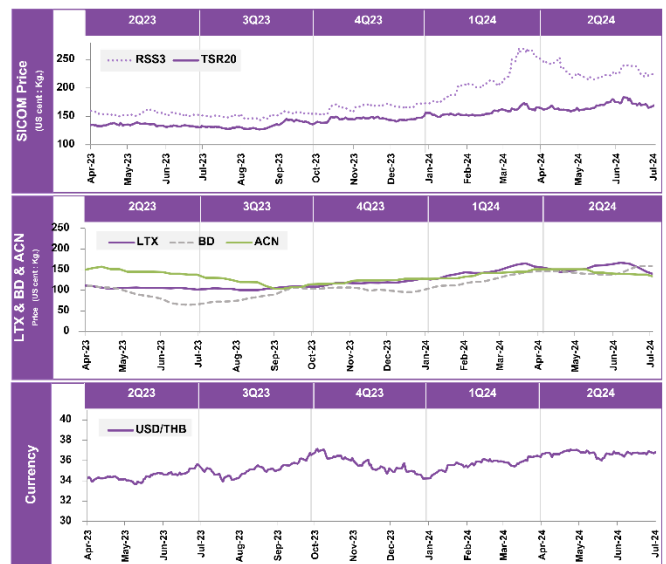
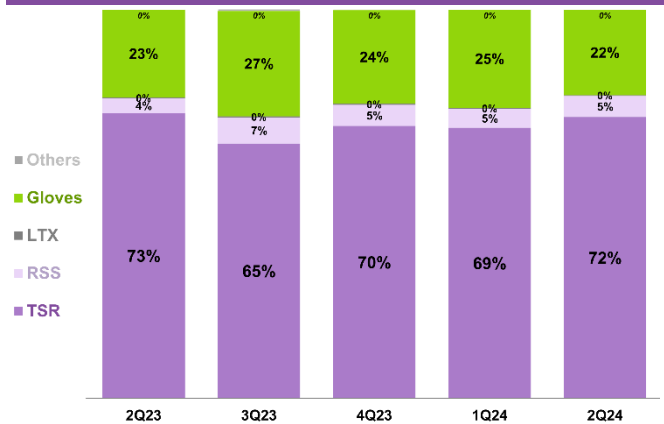
	2Q24	2Q23	1Q24	FY23
Gross Profit Margin	12.2%	9.3%	7.9%	9.7%
EBITDA Margin	8.3%	5.7%	3.9%	4.7%
Net Profit Margin	2.4%	0.5%	-1.4%	-0.5%
Current Ratio (Times)	2.07	4.86	2.21	3.27
Net D/E Ratio (Times)	0.68	0.31	0.66	0.54
Fixed Asset Turnover (Times)*	1.89	1.77	1.81	1.63
Collection Period (Days)*	24	24	27	29
Payment Period (Days)*	5	5	6	7

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

## Revenue by Product (m THB)



## Revenue Breakdown by Product



ABBREVIATIONS  
RSS: Ribbed smoked sheet  
LTX: Cross-sectioned Latex  
TSR: Technically specified rubber, which includes STR and SBR  
BD: Bandone  
ACN: Acrylonitrile

## Statement of Comprehensive Income

Statement of Comprehensive Income (Unit: THB million)	2Q24	2Q23	%YoY	1Q23	%QoQ	6M24	6M23	%YoY
Revenues from sales of goods and services	25,820.5	21,227.0	21.6%	23,677.8	9.0%	49,498.4	45,653.3	8.4%
Cost of sales and services	(22,674.8)	(19,257.6)	17.7%	(21,805.1)	4.0%	(44,479.9)	(40,952.1)	8.6%
<b>Gross Profit</b>	<b>3,145.7</b>	<b>1,969.5</b>	<b>59.7%</b>	<b>1,872.7</b>	<b>68.0%</b>	<b>5,018.4</b>	<b>4,701.3</b>	<b>6.7%</b>
SG&A	(1,995.8)	(1,952.8)	2.2%	(1,789.1)	11.5%	(3,784.9)	(4,075.2)	-7.1%
Other income and dividend income	68.1	111.8	-39.1%	45.1	51.2%	113.2	214.3	-47.2%
Gain (loss) on exchange rates	21.1	82.3	-74.3%	212.8	-90.1%	233.9	(100.6)	332.6%
Other gain (loss)	(118.0)	120.1	-198.3%	(359.4)	-67.2%	(477.4)	325.8	-246.5%
<b>Profit from operating activities</b>	<b>1,121.1</b>	<b>330.9</b>	<b>238.8%</b>	<b>(18.0)</b>	<b>-6344.2%</b>	<b>1,103.2</b>	<b>1,065.6</b>	<b>3.5%</b>
Share of profit (loss) from investments in associate and JV	48.9	(14.6)	NM	13.3	267.4%	62.2	(51.2)	221.4%
<b>EBITDA</b>	<b>2,150.7</b>	<b>1,214.1</b>	<b>77.1%</b>	<b>914.8</b>	<b>135.1%</b>	<b>3,065.4</b>	<b>2,761.9</b>	<b>11.0%</b>
<b>EBIT</b>	<b>1,170.7</b>	<b>316.3</b>	<b>269.9%</b>	<b>(4.7)</b>	<b>-25237.6%</b>	<b>1,165.3</b>	<b>1,014.4</b>	<b>14.9%</b>
Finance income	119.6	133.3	-10.3%	103.4	15.7%	223.0	217.6	2.5%
Finance cost	(435.1)	(347.8)	25.1%	(391.4)	11.2%	(826.5)	(728.1)	13.5%
Income tax (expense)	(92.7)	(0.4)	NM	39.6	-334.4%	(53.2)	(55.2)	-3.7%
<b>Net profit for the period</b>	<b>761.8</b>	<b>101.3</b>	<b>651.8%</b>	<b>(253.1)</b>	<b>-401.0%</b>	<b>508.7</b>	<b>448.6</b>	<b>13.4%</b>
<b>Attributed to equities holders of the Company</b>	<b>628.4</b>	<b>110.0</b>	<b>471.3%</b>	<b>(329.7)</b>	<b>-290.6%</b>	<b>298.7</b>	<b>397.9</b>	<b>-24.9%</b>
Attributed to non-controlling interests of the subsidiaries	133.4	(8.7)	NM	76.6	74.1%	210.0	50.7	314.0%

## Revenue by Product (THB million)

Products	2Q24	2Q23	%YoY	4Q23	%QoQ
TSR*	18,652.8	15,554.8	19.9%	16,447.3	13.4%
%	72.2%	73.3%		69.5%	
Glove*	5,666.4	4,808.4	17.8%	6,001.4	-5.6%
%	21.9%	22.7%		25.3%	
RSS	1,404.2	793.4	77.0%	1,151.9	21.9%
%	5.4%	3.7%		4.9%	
LTX	51.5	47.9	7.4%	62.9	-18.2%
%	0.2%	0.2%		0.3%	
Other**	45.6	22.5	102.6%	14.5	215.3%
%	0.2%	0.1%		0.1%	
<b>Total</b>	<b>25,820.5</b>	<b>21,227.0</b>	<b>21.6%</b>	<b>23,677.8</b>	<b>9.0%</b>

Note:

\* Revenue from TSR and Gloves is net from hedge accounting.

\*\* Comprised revenue from 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.

## Total Revenue from products and services

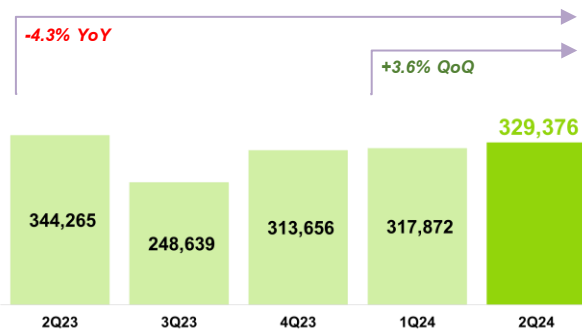
- Total revenue from products and services in Q2/2024 amounted to THB 25,820.5 million, increasing 9.0% QoQ and 21.6% YoY on the strength of higher revenue from NR, which was driven by demand from non-China tire producers that led to the higher ASP.

### Natural Rubber

#### Revenue from NR (THB million)

- In Q2/2024, revenue from NR, which accounted for 77.9% of total revenue, totaled THB 20,108.4 million, growing 13.9% QoQ and 22.6% YoY.
- The QoQ increase in revenue was driven by the ASP that rose 9.0% in tandem with SICOM prices. Sales volume also grew 3.6% because of robust demand from non-China tire producers.
- The YoY increase in revenue came on the back of the ASP that rose 19.4% as an increase in the proportion of sales volume to non-China producers led to the higher ASP. Sales volume, however, slightly decreased 4.3% YoY because of our strategy to ensure sufficient raw materials for production in each quarter of the year.
- Geographically in Q2/2024, the portion of sales revenue from China reduced to 53.0% from 72.2% in Q2/2023, while Thailand and other countries in Asia equally contributed 14.0% of sales revenue. The Americas and Europe accounted for 10.3% and 8.4% of sales revenue respectively. Other markets accounted for 0.4% of sales revenue.

#### NR Sales volume (Tons)



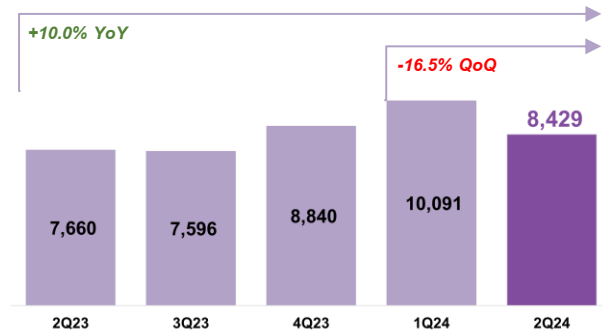
- Sales volume of NR in Q2/2024 totaled 329,376 tons, growing 3.6% QoQ but decreasing 4.3% YoY. Sale volume of EUDR rubber came in at 1,541 tons. In Q2/2024, we received purchase orders for approximately 7,000 tons of EUDR rubber that are in the process of being delivered.
- The QoQ growth in sales volume was driven by demand from non-China tire producers that had recovered since late last year. However, utilization rate reduced to 50.2% from 57.0% in Q1/2024 as the Q2/2024 period coincided with the wintering season and included the Songkran holidays in April.
- The YoY decline in sales volume is attributed to our strategy to keep production outputs at consistent levels throughout the year.

### Gloves

#### Revenue from gloves (THB million)

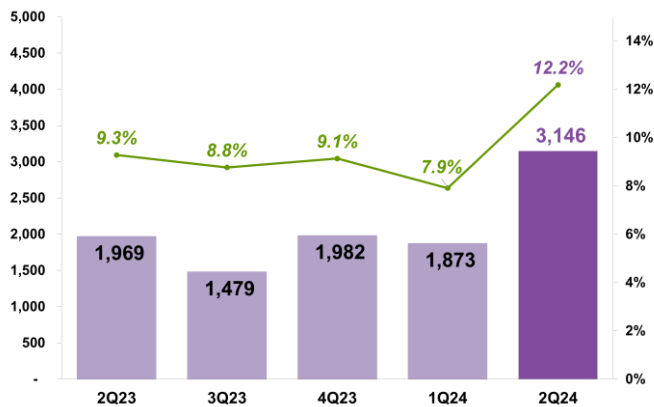
- In Q2/2024, revenue from gloves, which accounted for 21.9% of total revenue, amounted to THB 5,666.4 million, decreasing 5.6% QoQ but growing 17.8% YoY.
- The QoQ decline in revenue resulted from sales volume that decreased 16.5% QoQ because of the shipping disruption caused by the Red Sea Crisis. The ASP, meanwhile, rose 12.9%.
- The YoY growth in revenue was driven by sales volume that grew 10.0% as demand had gradually recovered and the ASP that rose 7.9% in tandem with raw material prices.
- The proportion of sales revenue between NR and NBR gloves in Q2/2024 was 75:25, in line with our strategy to focus on NR gloves, for which we have a competitive advantage in the access to NR raw material.
- Geographically in Q2/2024, Asia contributed the largest portion of sales revenue at 33.3%, followed by South America at 22.8% and North America at 20.6%. Europe contributed 16.9% while Africa and the Middle East accounted for 3.0% and 2.5% of sales revenue, respectively. Australia and Oceania contributed 0.9% of sales revenue.

#### Glove sales volume (million pieces)



- Sales volume for gloves in Q2/2024 came in at 8,429 million pieces, decreasing 16.5% QoQ but growing 10.0% YoY.
- The QoQ decline in sales volume is attributed to the shipping disruption caused by the Red Sea Crisis that led to rapidly increasing freight rates and prompted customers to delay shipment delivery.
- The YoY increase in sales volume came on the back of global demand that had gradually recovered as the inventory of major distributors had returned to normal levels.
- Utilization rate in Q2/2024 stood at 81.3%, slightly lower than 87.2% in Q1/2024 but substantially higher than 58.9% in Q2/2023, reflecting the gradual recovery of demand.

## Gross Profit (THB million) and GPM (%)



- Gross profit in Q2/2024 totaled THB 3,145.7 million, increasing 68.0% QoQ and 59.7% YoY, with a gross profit margin of 12.2%, up from 7.9% in Q1/2024 and 9.3% in Q2/2023.
- The gross profit margin of NR increased to 10.8% in Q2/2024, from 7.7% in Q1/2024 and 8.9% in Q2/2023, driven by the recovery of demand from non-China producers that led to the higher ASP.
- The gross profit margin of Gloves also increased to 13.5%, up from 8.4% in Q1/2024 and 10.4% in Q2/2023, because of the higher ASP.

## SG&A

- SG&A in Q2/2024 totaled THB 1,995.8 million, increasing 11.5% QoQ and 2.2% YoY.
- The QoQ increase mainly resulted from higher freight rates and an increase in the allowance of doubtful debt at our subsidiary.
- The YoY increase is attributable to the higher freight rates in Q2/2024, despite lower CESS and transportation costs, which went down in tandem with exports volume.
- The percentage of SG&A to sales revenue in Q2/2024 was 7.7%, largely unchanged from 7.6% in Q1/2024 but down from 9.2% in Q2/2023.

## EBITDA

- EBITDA in Q2/2024 totaled THB 2,150.7 million, increasing 135.1% QoQ and 77.1% YoY, with an EBITDA margin of 8.3%, up from 3.9% in Q1/2024 and 5.7% in Q2/2023.
- The QoQ and YoY increase in EBITDA came about because both NR and Gloves recorded improved performance and there were not any significant changes to the SG&A.
- In Q2/2024, we recorded THB 96.9 million in realized loss on FX and other transactions, representing a 33.9% QoQ decrease in loss but declining 147.9% YoY from realized gain in Q2/2023.

## Share of Loss from Associates and Joint Ventures

- Share of profit from associates and joint ventures in Q2/2024 totaled THB 48.9 million, increasing from THB 13.3 million in Q1/2024 and a reversal of a share of loss of THB 14.6 million in Q2/2023 as performance of the NR joint venture improved and performance of the hydraulic hose joint venture remained solid.

## Net Profit

- Net profit in Q2/2024 totaled THB 628.4 million, increasing from THB 329.7 million in net loss in Q1/2024 and 471.3% from THB 110.0 million in Q2/2023.
- Net profit margin of 2.4%, improving from -1.4% in Q1/2024 and 0.5% in Q2/2023 on the back of the higher ASP of both NR and Gloves.

## Sustainability Highlights for Q2/2024

### Environmental

- **STA's Solar Energy Projects**



STA has launched 14 solar energy projects, including Solar Floating and Solar Farm initiatives, with a total capacity of 40.17 MW. Four projects, completed at the Mukdahan, Thung Song, Huay Nang, and Udon Thani branches, generate 6.72 MW. Upon the full completion of all projects, they are expected to reduce greenhouse gas emissions by about 36,000 tons of CO2 equivalent per year.

- **Sharing Knowledge on GPS Rubber and EUDR Regulations**



STA shared knowledge about the GPS Rubber Project, EUDR regulations, and the Sri Trang Ecosystem to promote sustainability in the Thai rubber industry at the 2nd Thai-Chinese EEC Rubber and Agriculture Fair 2024 held in Rayong. Organized by the Rubber Authority of Thailand in collaboration with the Rubber Federation of Thailand and the Rayong Provincial Administrative Organization, the event aimed to guide attendees on applying this knowledge to elevate the Thai rubber industry towards sustainable growth.

### Social

- **ILO Standard Certification for Phitsanulok Branch**



The Phitsanulok branch has successfully passed **the ILO 11 Indicators of Forced Labor assessment** under the Pilot Factory for Human Rights Standard Project. This achievement underscores STA's dedication to fair practices and respect for human rights. The ILO certification, recognized by the United Nations (UN), enhances the company's operations and reinforces its leadership in the business sector, meeting global market expectations and building trust.

### Governance & Economic

- **STA has been certified for the 2nd Membership Renewal of CAC**



STA has been recertified as a member of the Thai Private Sector Collective Action Coalition Against Corruption (CAC) for the second time. Initially joining in 2018 and renewing for the first time in 2021, this certification highlights STA's unwavering commitment to transparent and fair business practices, with a strong focus on stakeholder benefits. The company continues to prioritize the enhancement of its operational processes and adherence to high standards of corporate governance.



## Performance Analysis by NR Product



### Technically Specified Rubber (TSR)

- Revenue from TSR in Q2/2024 accounted for 72.2% of total revenue and rose 13.4% QoQ and 19.9% YoY.
- The QoQ growth in revenue came on the back of the ASP that rose 8.3% in tandem with SICOM prices and sales volume that grew 4.1% because of demand from non-China producers.
- The YoY increase in revenue was driven by the ASP that rose 17.9% in tandem with the higher proportion of sales volume to non-China producers. Sales volume, meanwhile, decreased 5.3% as a result of our raw material allocation strategy.
- Sales volume of EUDR TSR totaled 1,299 tons.
- Gross profit margin of TSR in Q2/2024 was higher than in Q1/2024 and Q2/2023.



### Ribbed Smoked Sheet (RSS)

- Revenue from RSS in Q2/2024 accounted for 5.4% of total revenue and grew 21.9% QoQ 77.0% YoY.
- The QoQ growth in revenue was driven by the ASP that rose 20.5% while sales volume decreased 1.7%.
- The YoY growth in revenue was driven by both the ASP that increased 39.1% and sales volume that grew 19.5%.
- The QoQ and YoY increase in the ASP was driven by the overall recovery in NR demand.
- Sales volume of EUDR RSS totaled 242 tons.
- Gross profit margin of RSS in Q2/2024 was lower than in Q1/2024 and Q2/2023 because raw material costs increased more than the selling prices.



### Concentrated Latex (LTX)

- Revenue from LTX in Q2/2024 accounted for 0.2% of total revenue and declined 18.2% QoQ but grew 7.4% YoY.
- The QoQ decrease in revenue resulted from sales volume that dropped 28.4% despite the ASP that rose 11.0% in tandem with NR prices on the market.
- The YoY growth in revenue was driven by the ASP that rose 18.1% while sales volume decreased 14.6%.
- The QoQ and YoY decrease in sales volume is attributable to our strategy to reserve the majority of our LTX production for STGT. Because LTX sales transactions between STA and STGT are deemed connected transactions, revenues from such transactions are not recorded in the profit and loss statement.

## NR Industry Overview

- The NR industry continued its recovery in Q2/2024, buoyed by a pickup in demand from non-China tire producers as well as the delivery of EUDR rubber. The average price of TSR20 on SICOM in Q2/2024 was 168.3 cent/kg, up 7.0% QoQ and 25.2% YoY.

### NR supply

- The second quarter of every year is a transitional period for NR, straddling the wintering season and the start of the harvest season. The NR supply situation this year in Thailand, the world's largest NR-producing country, has returned to normal as the wintering period, which lasted from February until May, gave way to the start of the harvest season in June. This is in contrast with the situation in 2023, when El Niño prolonged the wintering period and the start of the harvest season was delayed by 1.5-2 months as a result.
- According to the National Oceanic and Atmospheric Administration (NOAA)\*, as of August 2024, El Niño has settled into an ENSO-neutral status that is expected to continue for the next several months, with a 66% chance that La Niña will emerge during the period from September to November. La Niña will bring higher rainfall and its potential impact on NR supply in Thailand will be:
  - Heavy rainfall increases the risk of diseases for rubber trees and could also lead to a reduction of tapping days. In this scenario, NR supply will decrease.
  - Normal rainfall level will lead rubber trees to provide higher yields.
- There is also the possibility that high durian prices will induce rubber farmers in the east and south of Thailand to abandon rubber in favor of durian.
- NR supply situation in Indonesia, the world's second-largest NR producing country, remains unchanged as demand for block rubber from the country (SIR) from non-China tire producers has significantly decreased, leading to a price decline. As a result, rubber farmers in the country have no more incentive to produce NR. Other factors like the weather conditions no longer have any significant impact on the country's NR supply.
- NR supply in Ivory Coast, the world's third-largest NR-producing country, continued to provide high yields, growing by over 16% during the past year and the country. We set up two procurement centers to purchase raw materials in the second half of 2023 with a view to exploiting the country's high growth potential and a processing facility was also commissioned in April 2024. At the same time, we will also need to monitor the impact La Niña could potentially have on NR supply in the region.

**NR demand** continued its momentum in Q2/2024, with demand from non-China tire producers having picked up in late 2023. Demand from producers in China, meanwhile, remained sluggish even as inventory levels in the country had come down. But overall demand has significantly improved compared with the same period in 2023, when non-China producers were lowering their inventory. We have also received orders for EUDR rubber from customers in Europe, Japan, Korea, India and the US.

**NR prices** in July slightly declined, with the average price of TSR20 on SICOM at 163.5 cent/kg, down 5.9% from June, as post-wintering supply came out as normal and demand from producers in China remained subdued. Demand for SIR from non-China producers also softened. Additionally, we still need to keep a close eye on the EU Deforestation Regulation, which has met with resistance from producers of some commodities, although the EU has indicated the Regulation will come into effect as planned. La Niña will also have an impact on rainfall and by extension on NR supply. These factors could contribute to volatility in NR prices.

### EUDR rubber

- In Q2/2024, we delivered 1,541 tons of EUDR rubber to customers.** The amount is still small as some customers had to delay delivery to Q3/2024 in order to first make preparations at their production facilities.
- For Q3/2024, the majority of customers have already placed their orders for EUDR rubber for test run and production. Customers who do not place their orders in Q3/2024 will instead do so in Q4/2024 for production with no prior test run. **Our target is for EUDR rubber to account for approximately 15-20% of sales volume in Q3/2024 and to increase the proportion to 50% of sales volume by December 2024 and 80% of sales volume in 2025.**

### References:

- 1) Climate Prediction Center (CPC), NOAA
- 2) NOAA Coral Reef Watch



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