

Financial Result Overview

Quarterly profit of THB 132.3 million in the face of numerous challenges

In 1Q23, we had revenue of THB 4,581.1 million, decreasing 3.8% QoQ and 35.6% YoY because the ASP continued to decline as supply in the global market has substantially increased while demand has normalized after COVID has been brought under control. Sales volume was 7,287 million pieces, growing 5.7% QoQ but decreasing 7.8% YoY. A focus on NR gloves and a product mix of 81.1% of NR gloves and 18.9% of NBR gloves differentiates us from peers.

We recorded a net profit THB 132.3 million or THB 0.05 per share, with a net profit margin of 2.9%.

We remain 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 sectors, including surgical gloves and diamond-textured gloves.

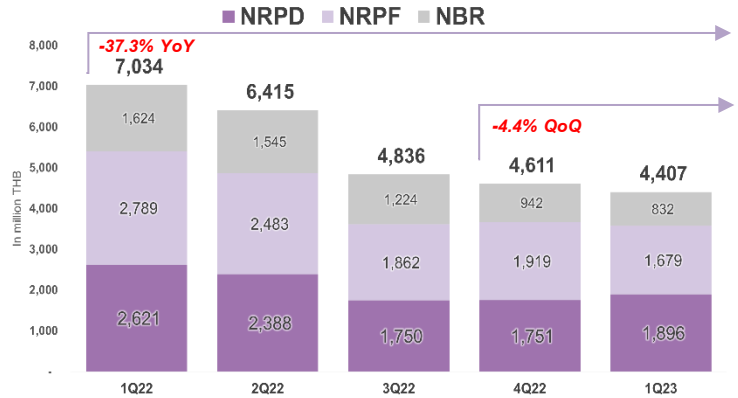
Lower ASP led to revenue decline while sales volume grew amid intense competition

Sales revenue in 1Q23 was THB 4,581.1 million, decreasing 3.8% QoQ and 35.6% YoY because the ASP declined 11.1% QoQ and 32.9% YoY to THB 597 (USD 17.7) per 1,000 pieces. Sales volume was 7,287 million pieces, growing 5.7% QoQ but decreasing 7.8% YoY. Utilization rate in 1Q23 was 67.2%, up from 4Q22.

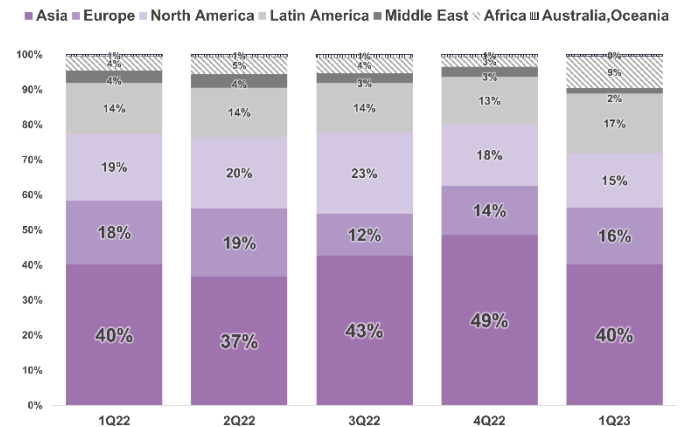
By product, latex powdered gloves (NRPD) contributed the largest proportion of sales revenue at 43.0%, followed by latex powder-free gloves (NRPF) at 38.1% of total sales revenue, while nitrile gloves (NBR) contributed 18.9% of total sales revenue as we continue to focus on NR gloves to emphasize on our competitive advantage in production from the access to raw material and lower transportation costs. Crucially, production lines can efficiently alternate between NRPF and NBR gloves enable us to adjust the proportion of each type of gloves to ensure an optimum product mix.



Gloves' Revenues by Product (THB million)



Glove's Revenues by Geography (%)

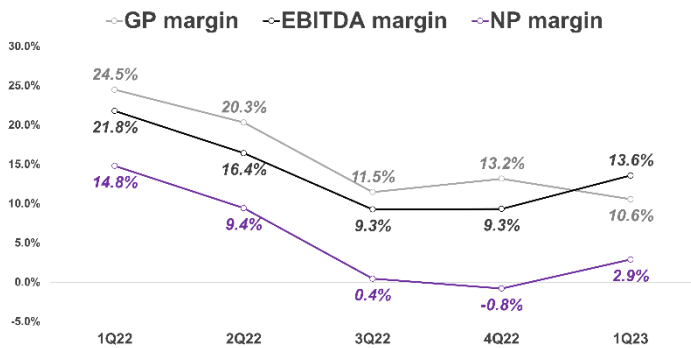


Lower profit margin as a result of lower ASP

We recorded THB 483.4 in gross profit, decreasing 22.8% QoQ and 72.3% YoY because of the lower ASP, which stemmed from the increasing supply in the market. Gross profit margin was 10.6%, down from 13.2% in 4Q22 and 24.5% in 1Q22.

SG&A came in at THB 401.2 million, decreasing 34.9% QoQ and 37.4% YoY because of lower depreciation, allowance for doubtful debt, employee expenses, traveling expenses, and domestic transportation costs. The percentage of SG&A to sales revenue decreased from 12.9% in 4Q22 to 8.8% in 1Q23.

Margin (%)



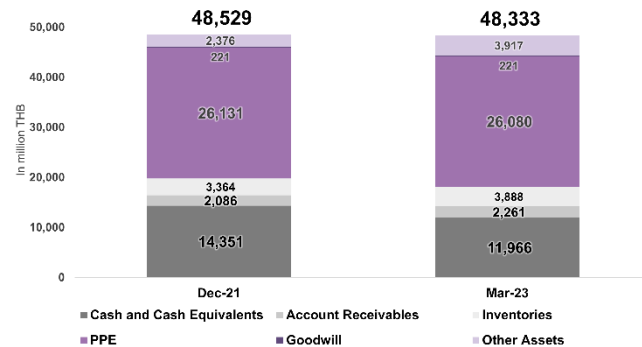
We recorded THB 43.1 million in currency exchange gain. EBITDA margin was 13.6%, improving from 9.3% in 4Q22 but down from 21.8% in 1Q22. Finance costs increased 10.9% QoQ and 104.3% YoY to THB 71.5 million because of the higher interest rate as well as the issuance of debenture in 3Q22. Nearly all interest expenses will be reimbursed by the RAOT*. Tax expenses came in at THB 24.6 million, increasing 6.8% QoQ but decreasing 81.1% YoY. **Net profit in 1Q23 was THB 132.3 million with a net profit margin of 2.9%.**

*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.

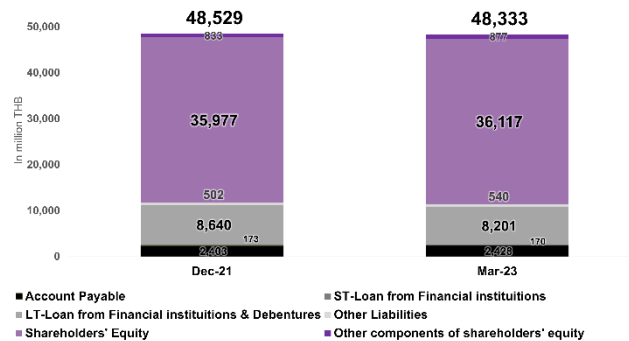
Strong finances and lower debt

Our total assets decreased by THB 195.3 million from the end of FY22 to THB 48,333.2 million, with cash decreasing by THB 2,385.0 million to THB 11,965.7 million following financial investments, which led non-current financial assets to increase by THB 1,726.9 million to THB 2,750.7 million. Interest-bearing debt (IBD) consisted of THB 8,432.5 million in outstanding short-term and long-term borrowings and leasehold obligations. 6,702.3 million in loans were taken under the interest rate subsidy program of the RAOT, for which we stand receive interest reimbursements that are to be recorded as other income in 3Q-4Q of every financial year. **Our gearing interest bearing debt to equity ratio decreased to 0.23 at the end of 1Q23 from 0.24 at the end of FY21.**

Assets (THB million)



Liabilities & Shareholders' Equity (THB million)



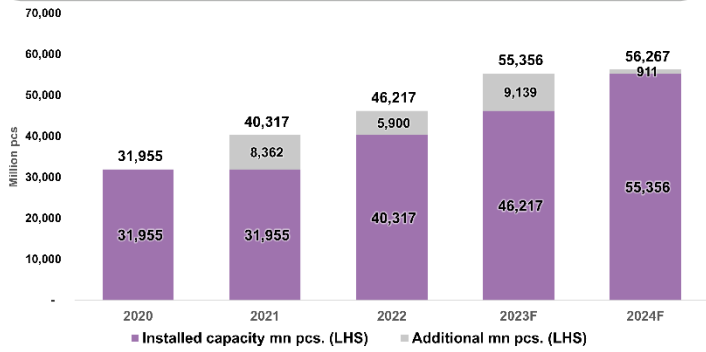
Business strategy and capacity expansion

With our unique product mix (NR:NBR), production lines that can efficiently alternate between producing 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. 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.

Our business strategy will focus on 1) **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 materials; 2) **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; 3) **growing our market share** from currently 170 countries to over 190 countries within the next 2 years; 4) **managing utilization rate and profitability** to create reasonable returns in the long run while the glove industry is going through the normalization period; 5) **improving efficiency with the use of automation and technology** to minimize costs and labor; 6) **maintaining our ESG leadership** and commitment to social and environmental responsibility and corporate governance with a view to long-term growth.



Installed Capacity & Estimated CAPEX (THB million)



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 reduce green house gas emission per unit by no less than 10% compared with 2021 within 2026. In 2022, we started measuring the carbon footprint of the organization and of 26 products. Within 2024, we intend to reduce overall energy consumption per unit by 5.5% compared with 2019, including electricity consumption per unit by no less than 10% compared with 2019. Presently, we utilize wood chips, which are considered biomass and have significantly lower emission factor than fossil fuels, as fuel for boilers in production and plan to increase the use of renewable energy. We completed the installation of solar panels that generate electricity at our Trang facility in June 2022 and registered the project with the Thailand Voluntary Emission Reduction program (T-VER) in order to receive carbon credit. We also implement a water reclamation system, whereby wastewater gets recycled and reused in the production process, with a target to reduce water consumption per unit by 10% compared with 2019 in 2024. On waste management, we intend to reduce waste per unit by 20% compared with 2019 by 2024 and have set a target of zero waste to landfill by 2030. We manage waste according to the principles of the circular economy and partner with the Siam Refractory Industry Co., Ltd. to reuse disused ceramic glove molds, which were previously sent to landfill, as raw material to produce fire-resistant bricks.

On social issues (S), we have announced human rights and anti-discrimination policies, provided training to employees and conducted ongoing evaluation of the issues as they relate to our operations. 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. We have been certified under SMETA and ILO forced labor standards, e.g, no forced or slave labor or debt bondage. Additionally, we have continued to organize various CSR projects that benefit the local communities and agree with the principles of the circular economy.

On governance issues (G), we are committed to promoting 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) since June 30, 2022. We encourage our suppliers to likewise announce their own anti-corruption policies. 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 list of Thailand Sustainability Investment (THSI) and in the SETTHSI index by the Stock Exchange of Thailand for two consecutive years.



1Q23 Key Financial Information (unit: million THB)

	1Q23	4Q22	%QoQ	1Q22	%YoY
Volume (in million pcs)	7,287.1	6,895.7	5.7%	7,905.1	-7.8%
Sales Revenue	4,581.1	4,760.8	-3.8%	7,118.5	-35.6%
COGS	(4,097.7)	(4,134.6)	-0.9%	(5,376.2)	-23.8%
Gross profit	483.4	626.2	-22.8%	1,742.3	-72.3%
Other income	35.7	23.0	55.2%	32.0	11.8%
SG&A	(401.2)	(616.0)	-34.9%	(640.6)	-37.4%
Gain (loss) on exchange rate, net	(13.5)	(200.1)	-93.3%	(8.3)	62.2%
Other gains, net	56.5	142.7	-60.4%	63.2	-10.5%
Operating profit (loss)	161.0	(24.1)	NM	1,188.5	-86.5%
EBITDA	621.3	443.6	40.1%	1,550.7	-59.9%
EBIT	228.4	49.1	364.9%	1,217.1	-81.2%
Finance income	67.4	73.2	-7.9%	28.6	135.6%
Finance costs	(71.5)	(64.5)	10.9%	(35.0)	104.3%
EBT	156.9	(15.4)	NM	1,182.1	-86.7%
Tax	(24.6)	(23.0)	6.8%	(130.0)	-81.1%
Net profit	132.3	(38.4)	NM	1,052.2	-87.4%
GP margin	10.6%	13.2%	-2.6%	24.5%	-13.9%
EBITDA margin	13.6%	9.3%	4.2%	21.8%	-8.2%
Net profit margin	2.9%	-0.8%	3.7%	14.8%	-11.9%
Financial Ratio					
Current ratio	4.10	4.62	-11.2%	5.00	-18.0%
Cash cycle (days)	57.08	71.36	-20.0%	66.43	-14.1%
IBD/E	0.23	0.24	-5.6%	0.21	8.8%
Interest coverage ratio	2.65	22.48	-88.2%	31.01	-91.4%
ROA	1.1%	-0.3%	1.4%	8.2%	-7.1%
ROE	1.4%	-0.4%	1.8%	10.9%	-9.4%

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 31 March 2023, STGT employed more than 8,855 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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