

# **Stars Microelectronics (Thailand) Public Company Limited**

## Management Discussion and Analysis (MD&A) Quarter 2 Ending June 30, 2025

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Stars Microelectronics (Thailand) Public Company Limited

## Executive Summary

The electronics industry still continued to encounter difficulties from soft demand in the market which not fully recovered yet and uncertainty in the global economy and war situation. This still uncertainty led to a significant impact on businesses, leading our customers to change their activities by reducing their inventory levels, delaying orders.

Stars Microelectronics (Thailand) Public Company Limited ("The Company") still operated as its plan by focusing on high-quality customer groups, diversifying revenue streams across various business segments, expanding its customer base to multiple countries worldwide, and consistently developing modern and high-quality products and services. The Company's operating results in Q2/2025 were revenue from sales and services of Baht 450.70 million and net loss of Baht 45.06 million from operation as the result of mentioned reasons.

In conclusion, the management team remains confident that our expertise in business segment and the strategies chosen by the management team will support and maintain company's sustainable growth.

Sincerely

Stars Microelectronic (Thailand) Public Company Limited

(Mr. Chaiyot Thaveeratitham)  
Chief Financial Officer

## Management Discussion and Analysis

The operation results of the company and its subsidiary for Q2/2025 reported the net loss of 45.06 million baht, loss amount decreased 18.16 million Baht or 28.73%, compared with net loss of 63.22 million Baht in Q2/2024.

- The operating results in Q2/2025 in comparison with Q2/2024

Income Statement	Q2 / 2025		Q2 / 2024		Increase (Decrease)	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Sales and service income						
- Sales from IC	147,743	32.78%	141,550	29.06%	6,193	4.38%
- Sales from PCBA and BOXBUILD	196,712	43.65%	201,461	41.36%	-4,749	-2.36%
- Sales from OPTICS	106,244	23.57%	130,287	26.75%	-24,043	-18.45%
<b>Total sales and service income</b>	<b>450,699</b>	<b>100.00%</b>	<b>487,109</b>	<b>100.00%</b>	<b>-36,410</b>	<b>-7.47%</b>
Cost of sales and services	429,377	95.27%	500,179	102.68%	-70,802	-14.16%
<b>Gross Profit (loss)</b>	<b>21,322</b>	<b>4.73%</b>	<b>-13,070</b>	<b>-2.68%</b>	<b>34,392</b>	<b>263.14%</b>
Selling Expenses	6,752	1.50%	14,085	2.89%	-7,333	-52.06%
Administrative Expenses	56,242	12.48%	52,766	10.83%	3,476	6.59%
Loss on derivatives	146	0.03%	0	0.00%	146	>100%
<b>Operating Profit (loss)</b>	<b>-41,818</b>	<b>-9.28%</b>	<b>-79,921</b>	<b>-16.41%</b>	<b>38,103</b>	<b>47.68%</b>
Other income						
Revenue from scrap sales	2,820	0.63%	2,980	0.61%	-160	-5.37%
Gain (loss) on exchange	(11,729)	-2.60%	1,406	0.29%	-13,135	-934.21%
Gain (loss) on derivatives	0	0.00%	2,101	0.43%	-2,101	-100.00%
Bad debt recovery	0	0.00%	0	0.00%	0	0.00%
Compensation from insurance	0	0.00%	0	0.00%	0	0.00%
Others	3,420	0.76%	2,079	0.43%	1,341	64.50%
Profit from sell of land, building and equipment	458	0.10%	0	0.00%	458	>100%
<b>Profit (loss) before finance cost and income tax expenses</b>	<b>-46,849</b>	<b>-10.39%</b>	<b>-71,355</b>	<b>-14.65%</b>	<b>24,506</b>	<b>34.34%</b>
Finance income	3,511	0.78%	1,953	0.40%	1,558	79.77%
Finance cost	259	0.06%	41	0.01%	218	531.71%
<b>Profit (loss) before income tax expenses</b>	<b>-43,597</b>	<b>-9.67%</b>	<b>-69,443</b>	<b>-14.26%</b>	<b>25,846</b>	<b>37.22%</b>
Income tax benefits (expenses)	-1,460	-0.32%	6,223	1.28%	7,683	123.46%
<b>Profit (loss) for the year</b>	<b>-45,057</b>	<b>-10.00%</b>	<b>-63,220</b>	<b>-12.98%</b>	<b>18,163</b>	<b>28.73%</b>
Depreciation and amortization	48,437	10.75%	52,451	10.77%	-4,014	-7.65%
<b>EBITDA</b>	<b>1,588</b>	<b>0.35%</b>	<b>-18,904</b>	<b>-3.88%</b>	<b>20,492</b>	<b>108.40%</b>

The performance results for Q2/2025 compared with Q2/2024, as a result from the following factors:

### Sales and Service income

The Company and its subsidiaries reported revenue from sales and service of 450.70 million Baht, decreased 36.41 million Baht, or 7.47%, from the previous year. The revenues from OSAT divisions increased by 4.38%, despite the economic slowdown and conflict between countries.

**Cost of Sales and Gross Profit**

Total cost of sales and service were 429.38 million Baht, decreased 70.80 million Baht, or 3.49% from the corresponding period of the previous year.

Gross profit of Q2/2025 was 21.32 million Baht, increased 34.40 million Baht from the same period of the previous year according to cost management.

**Selling and Administrative Expenses**

Selling and administration expenses of Q2/2025 were 62.99 million Baht, decreased 3.86 million Baht or 5.77% from the same period of previous year according to cost management.

**Other incomes**

The Company and its subsidiaries reported other incomes of 5.03 million Baht decreased 3.53 million Baht, or 41.21% from the corresponding period of the previous year

**Financial cost**

The Company and its subsidiaries reported financial costs of 0.26 million Baht, slightly increased compared with the same period of the previous year. The main reason came from company has used short-term loan facilities from banks.

**Income tax**

The Company and its subsidiaries reported tax expenses of 1.46 million Baht compared with the corresponding period from the last year.

**Earnings before Interests, Taxes, Depreciation and Amortization (EBITDA)**

The Company and its subsidiaries reported EBITDA of Q2/2025 were 1.59 million Baht, increased from the same period of previous year.

## ● Financial Position

At 31 March 2025, the Company and subsidiaries reported assets, liabilities and shareholder's equity compared to 31 December 2024 as below.

Balance Sheet	31 March 2025		31 December 2024		Increase (Decrease)	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Cash and cash equivalents	359,153	15.52%	286,003	11.81%	73,150	25.58%
Trade and other receivables	369,281	15.96%	426,685	17.63%	-57,404	-13.45%
Inventories	466,267	20.15%	468,629	19.36%	-2,362	-0.50%
Total current assets	1,206,012	52.11%	1,251,813	51.71%	-45,801	-3.66%
Property, plant and equipment	1,014,463	43.83%	1,099,172	45.41%	-84,709	-7.71%
Total non-current assets	1,108,468	47.89%	1,168,942	48.29%	-60,474	-5.17%
Total assets	2,314,480	100.00%	2,420,755	100.00%	-106,275	-4.39%
Bank overdrafts and short-term loans from financial institutions	109,200	4.72%	50,000	2.07%	59,200	118.40%
Trade and other payables	349,178	15.09%	368,181	15.21%	-19,003	-5.16%
Current portion of long-term loans	1,067	0.05%	1,175	0.05%	-108	-9.20%
Total current liabilities	466,701	20.16%	525,267	21.70%	-58,566	-11.15%
Long-term loans, net of current portion	0	0.00%	0	0.00%	0	0.00%
Lease liabilities, net of current portion	515	0.02%	1,021	0.04%	-506	-49.57%
Total non-current liabilities	79,204	3.42%	79,744	3.29%	-540	-0.68%
Total liabilities	545,905	23.59%	605,011	24.99%	-59,106	-9.77%
Total shareholders' equity	1,768,575	76.41%	1,815,744	75.01%	-47,169	-2.60%
Total liabilities & shareholders' equity	2,314,480	100.00%	2,420,755	100.00%	-106,275	-4.39%

## Asset

At the end of Q2/2025, the Company and its subsidiaries reported assets of 2,314.48 million Baht, decreased 106.28 million Baht or 4.39% compared to at the year end of 2024.

The Company and its subsidiaries reported trade and other receivables of 369.28 million baht in Q2/2025, of which 350.63 million baht were net trade receivables. Referring to the mention amount from net trade receivables, the amount of net trade receivables which age is over 12 months was 230.41 million

Baht, and the Company already reserved the amount of 231.24 million Baht as allowance for doubtful. It increased from the previous year by 0.59 million Baht to cover all potential risk. (See additional details in financial statements Q2/2025 note 3)

At the end of Q2/2025, the Company and its subsidiaries reported the inventories of 466.27 million Baht, decreased 2.37 million baht or 0.50% compared with the corresponding period in the previous year in proportion to the slowdown in sales. (See additional details in financial statements Q2/2025 note 4)

#### Liabilities and shareholders' equity

At the end of Q2/2025, the Company reported liabilities of 545.91 million Baht, decreased 59.11 million Baht or 9.77% compared to the end of 2024. Meanwhile, shareholders' equity was 1,768.58 million Baht, decreased 47.17 million Baht or 2.60% compared with at the year end of 2024.

#### ● Sources and Uses of Fund

Cash flow statement	Q2/2025 (6 months)	Q2/2024 (6 months)	Increase (Decrease) (6 months)
	Thousand Baht	Thousand Baht	Thousand Baht
Net cash flows from (used in) operating activities	34,196	90,270	(56,074)
Net cash flows from (used in) investing activities	24,628	(30,572)	55,200
Net cash flows from (used in) financing activities	14,326	(74,701)	89,027
Net increase (decrease) in cash and cash equivalents	73,150	(15,003)	88,153
Cash and cash equivalents at beginning of year	286,003	128,261	157,742
Cash and cash equivalents at end of year	359,153	113,258	245,895

The Company and its subsidiaries reported net cash in Q2/ 2025 of 359.15 million Baht, increased 245.89 million Baht from Q2/2024.

The Company and its subsidiaries reported Q2/2025 net cash flows from operating activities of 34.19 million Baht, decreased 56.07 million Baht, while net cash flows generated from investing activities of 24.63 million Baht, increased from previous year of 55.20 million Baht mainly came from sell off land, building and equipment in Q1/2025. Besides, The Company and its subsidiaries reported net cash flows generated from financing activities of 14.33 million Baht, increased 89.03 million Baht from the last year due to the use of short-term loans from financial institutions.

### อัตราส่วนทางการเงินที่สำคัญ (Financial Ratio)

Financial Ratio	Q2/2025	Q2/2024	Unit
1.Current Ratio	2.58	3.60	times
2.Quick Ratio	1.59	1.59	times
3.Number of Days Receivables	80.58	55.05	days
4.Numbr of Days Inventory	99.34	105.99	days
5.Number of Days Payables	76.23	46.21	days
6.Cash cycle	103.69	114.83	days
7.Gross profit margin	4.73%	-2.68%	%
8.EBITDA margin	0.35%	-3.88%	%
9.EBIT margin	-10.39%	-14.65%	%
10.Net profit margin	-10.00%	-12.98%	%
11.Debt-to-Equity ratio	0.31	0.18	times
12.Interest Coverage ratio	N/A	N/A	times
13.Return on Assets (1.1)	-7.91%	-12.14%	%
14.Return on Equity (1.2)	-10.06%	-12.57%	%
15.Earning per share (2)	-0.05	-0.07	Baht
16.Book value per share	2.09	2.32	Baht

#### Remark

(1.1) Return on Assets = Profit (loss) for the year / average total asset

(1.2) Return on Equity = Profit (loss) for the year / average total shareholders' equity

(2) Earnings per share = Net profit (loss) attributable to equity holders of the company / number to issued and fully paid share

In Q2/2025, the company and its subsidiaries reported current ratio of 2.58, reflected in efficiency in liquidity management.

Cash conversion cycle decreased from 114.83 days in Q2/2024 to 103.69 days in Q2/2025 due to decrease in numbers of days inventory and increase in number of days payables.

Gross profit margin was 4.73% in Q2/2025, increased from -2.68% in Q2/2024, mainly from raising in sales and service income of OSAT division which has higher gross margin than other divisions, growing to 4.38% portion.

Debt to equity ratio in Q2/2025 was 0.31, slightly increased from the end of 2024, 0.18 which still represent the strong financial structure.

Return on asset (ROA) and Return on equity (ROE) in Q2/2025 had positive trend compare with Q2/2024.