

Ref. SF 068/2022

11 August 2022

Re Management Discussion and Analysis which are deviated more than 20% in 2<sup>nd</sup> Quarter 2022

Attn. The President  
 The Stock Exchange of Thailand (SET)

Starflex Public Company Limited would like to notify the operating results stated in financial statements which are deviated more than 20% in the 2<sup>nd</sup> quarter 2022. The details are shown as follows.

### Operational reports

Unit: Million Baht

Gain/Loss	CONSOLIDATED		CHANGE (YOY)	
	Q2/2022	Q2/2021	AMT	%
<b>Total Revenue</b>	<b>412.0</b>	<b>428.5</b>	<b>(16.6)</b>	<b>(3.9%)</b>
<b>GP</b>	<b>45.1</b>	<b>69.7</b>	<b>(24.6)</b>	<b>(35.3%)</b>
Selling Expense	9.6	9.0	0.6	6.3%
Admin Expense	37.6	31.6	6.0	19.0%
Financial cost	1.4	0.7	0.7	100.0%
Tax	(1.5)	(3.4)	1.9	(55.9%)
<b>Total Cost and Exp.</b>	<b>408.5</b>	<b>389.6</b>	<b>18.9</b>	<b>4.9%</b>
<b>Net Profit</b>	<b>3.5</b>	<b>38.9</b>	<b>(35.5)</b>	<b>(91.1%)</b>

In Q2/2022, the total revenues were 412.0 million, decreased by 3.9% compared to total revenues 428.5 million in Q2/2021. And the Company's gross profits were 45.1 million decreased by 35.3% from 69.7 million in Q2/2021. There were two main reasons caused gross profits decreasing; first, the rising of raw material costs affected from the rising of the oil price and the rising of the US. Dollar exchange rate. Later, regards on a process of relocate all company's owned machines to a new plant, by doing this, it temporarily caused production cost increasing. However, the management has couped with these problems by stocking more raw material used in advance, as well as, started to adjust selling prices since July 2021.

In Q2/2022, selling expenses were 9.6 million increased by 6.3% compared to 9.0 million in Q2/2021. The mainly increased in selling expenses were

the transportation expenses, due to the increasing of the petrol prices recently. And administrative expenses of Q2/2022 were 37.6 million, increased by 19.0% compared to the same expenses 31.6 million in Q2/2021. The main reason of increasing in the administrative expenses was the consulting fees referred to the investment project in Vietnam, and the project of studying to invest in Bitcoin mining recently. In Q2/2022, financial expenses were 1.4 million, increased 100.0% compared to 0.7 million in Q2/2021. Due to the company had engaged to long-term loans for construction a new plant as well as invest in new machines and equipment. As a result, the net profits in Q2/2022 were 3.5 million.

### **Statement of Financial Position**

#### **Assets**

In Q2/2022, the company had total assets of 1,697.7 million, increased 12.7% from 1,506.6 million in 2021, where the increasing assets mainly comprised of increasing in cash or equivalent 84.4 million, increasing in Inventories 48.0 million, and increasing in Property, Plant and Equipment 88.6 million. All these increasing incurred from new plant construction, invest in new machines, and inventories, were prepared for the company's future business.

#### **Liabilities**

In Q2/2022, the company had total liabilities of 750.6 million, increased 37.4% from 546.3 million in 2021. The increasing of liabilities in Q2/2022, mainly due to the company had borrowed more, to invest in new plant construction and also due to the increasing in account payable, to support the company strategy on stocking raw materials in advance.

#### **Equities**

In Q2/2022, the company had the equities of 947.1 million, decreased 13.2 million from year ended 2021 decreased by 1.4%. The company had paid dividend of 36.9 million (paid on May 6, 2022 at 0.045 baht per share).

Yours Sincerely,

Somchai Wongrassamee  
Chief Financial Officer  
Starflex Public Company Limited