

Ref. SF119/2024

13 AUGUST 2024

 Re Management Discussion and Analysis which are deviated more than 20% for 2<sup>nd</sup> Quarter 2024

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% for 2nd Quarter 2024. The details will be shown as follows.

### Operational reports

Unit: Million Baht

Financial Information	Consolidated		Change (YOY)	
	Q2-24	Q2-23	AMT	%
<b>Total Revenues</b>	<b>458.0</b>	<b>468.3</b>	<b>(10.3)</b>	<b>(2.2)</b>
<b>Gross profit (GP)</b>	<b>111.9</b>	<b>115.0</b>	<b>(3.1)</b>	<b>(2.7)</b>
<b>Gross Profit Margin</b>	<b>24.7</b>	<b>24.9</b>	<b>(0.2)</b>	<b>(0.8)</b>
<b>Selling Expenses</b>	11.2	11.3	(0.1)	(1.2)
<b>Admin Expenses</b>	35.7	45.3	(9.6)	(21.3)
<b>Share of profit from investments in joint ventures and associate</b>	5.4	-	-	-
<b>Financial costs</b>	9.9	1.3	8.6	661.5
<b>Taxes</b>	0.9	12.6	(11.7)	(92.9)
<b>Total Cost and Exp.</b>	<b>398.2</b>	<b>417.9</b>	<b>(19.7)</b>	<b>(4.7)</b>
<b>Net Profits (NP)</b>	<b>65.2</b>	<b>50.4</b>	<b>14.8</b>	<b>29.4</b>

In Q2/2024, total revenues were 458.0 million Baht, decreased by 2.2% compared to total revenues 468.3 million Baht in Q2/2023. And the company's gross profit (GP) margin were 24.7% decreased from 24.9% margin in Q2/2023. The main reasons why the company can maintain such level of GP were due to the company has managed the production cost more effectively, in both; efficiency in management of the raw materials and supplies sourcing, as well as, efficiency down to the lines of productions and also managed to adjust the selling prices aligning with the actual costs in case that the raw material costs were increased.

In part of expenses, in Q2/2024, the company had selling expenses of 11.2 million Baht, which decreased by 1.2% compared to 11.3 million in the same period in 2023. Furthermore, in this quarter, the administrative expenses amounted to 35.7 million Baht decreased by 21.3% compared to 45.3 million in Q2/2023. Due to, there were a large amounts of investment expenses recorded such as consultant fees and travelling expenses. However, in Q2/2024, financial expenses

were 9.9 million, increased 661.5% compared to 1.3 million in Q2/2023. This increase is attributed to the company's long-term loans which borrowed to invest in two main projects: "Joint venture company: Star Union Packaging Co., Ltd." and "Associated company: Star Print Vietnam".

However, the company's net profit were 65.2 million (=NP margin 14.2%) and 50.4 million (=NP margin 10.8%) in Q2/2024 and Q2/2023 consecutively. The main reasons of increasing the net profits were managing all costs and expense effectively, profit sharing from associated companies, which amounted to 5.4 million Baht, and income tax exempt from Thailand Board of Investment (BOI).

### **Statement of Financial Position**

Balance sheet	Unit: Million Baht			
	CONSOLIDATED		CHANGE (YOY)	
	30-Jun-24	31-Dec-23	AMT	%
Total assets	2,173.9	2,036.1	137.8	6.8%
Total liabilities	1,128.0	1,035.6	92.4	8.9%
Total shareholder's equity	1,045.9	1,000.5	45.4	4.5%

### **Assets**

At the end of Q2/2024, the company's total assets amounted to 2,173.9 million Baht, representing 6.8% increasing compared to the total assets of 2,036.1 million Baht at the same period last year. Notable contributors to the increasing in assets included: 1) Investments in joint ventures and associated companies, totaling 62.3 million Baht; 2) Trade receivables and other receivables, totaling 30.7 million Baht and 3) Inventories, totaling 20.0 million Baht.

### **Liabilities**

As the end of Q2/2024 and the end of 2023, the company's total liabilities were 1,128.0 million Baht and 1,035.6 million Baht, respectively. This represents an increase of 92.4 million Baht or 8.9% in liabilities during the first half of 2024. Due to the company had borrowed long-term loans of 182.0 million Baht more; and also reduced the short-term loans 89.6 million Baht. The main reason of increasing in total liabilities was the investments in joint venture company "Star Union Packaging Co., Ltd." and the company "Star Print Vietnam."

## **Equities**

The company's equity held by shareholders amounted to 1,045.9 million Baht at the end of Q2/2024, compared to 1,000.5 million Baht at the end of 2023. This reflects a 5.7% increase, equivalent to 57.3 million Baht. The total increasing in equity can be attributed to profits generated during this quarter, reserved amount of treasury stocks, and the dividend paid out during the first half of 2024.

Yours Sincerely,

Somchai Wongrassamee

Chief Financial Officer

Starflex Public Company Limited