

Stars Microelectronics (Thailand) Public  
Company Limited  
**Management Discussion and Analysis**  
**(MD&A)**  
Quarter 1 Ending March 31, 2026

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Stars Microelectronics (Thailand) Public Company Limited

## Executive Summary

The electronics industry continued to face challenges from demand uncertainties, which stemmed from slowdown in global economic growth, impact on trade activities from new US tariffs, ongoing geopolitical tensions in between USA and Iran, resulted in global oil prices and commodity prices rising. Moreover, due to the rise in demand for artificial intelligence (AI) linked technologies, the demand dynamics have greatly shifted from traditional products to fast-moving ones. This war events that have impacted transportation costs and rising raw material prices are factors supporting customer demand, which tends to increase in the short term to manage inventory and reduce risks from future uncertainties.

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, efficient management of raw material procurement and production processes and consistently developing modern and high-quality products. The Company reported of 602.01 million baht in total revenue and 11.17 million baht in net profit in Q1/2026 as the result of mentioned reasons.

The Company’s business recovery is heading in the right direction. The Company remains committed to continuing the recovery and revenue growth, managing business costs and expenses efficiently, and maintaining liquidity and capital structure flexibility to meet rapidly changing business needs. This is done with consideration for the maximum benefit of all stakeholders, including customers, suppliers, business partners, employees, society, communities, the environment and the shareholders. 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. Ponpinit Upathamp)  
Chief Financial Officer

## Management Discussion and Analysis

The operation results of the company and its subsidiary for Q1/2026 reported Sales and Services revenue of 602.01 million baht and reported the net profit of 11.16 million baht, detail as below.

- The operating results in Q1/2026 in comparison with Q1/2025

Income Statement	Q1 / 2026		Q1 / 2025		Increase (Decrease)	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Sales and service income						
- Sales from IC	160,005	26.58%	104,705	23.57%	55,300	52.81%
- Sales from PCBA and BOXBUILD	180,192	29.93%	101,395	22.83%	78,796	77.71%
- Sales from OPTICS	261,810	43.49%	238,118	53.60%	23,692	9.95%
<b>Total sales and service income</b>	<b>602,007</b>	<b>100.00%</b>	<b>444,218</b>	<b>100.00%</b>	<b>157,789</b>	<b>35.52%</b>
Other Service Income						
Cost of sales and services	548,223	91.07%	442,492	99.61%	105,731	23.89%
<b>Gross Profit (loss)</b>	<b>53,784</b>	<b>8.93%</b>	<b>1,726</b>	<b>0.39%</b>	<b>52,058</b>	<b>3,016.10%</b>
Selling Expenses	7,728	1.28%	5,933	1.34%	1,795	30.25%
Administrative Expenses	62,184	10.33%	59,260	13.34%	2,924	4.93%
Loss on derivatives	-	0.00%	-	0.00%	-	0.00%
<b>Operating Profit (loss)</b>	<b>(16,128)</b>	<b>-2.68%</b>	<b>(63,467)</b>	<b>-14.29%</b>	<b>7,339</b>	<b>-74.59%</b>
Other income						
Revenue from scrap sales	6,369	1.06%	2,746	0.62%	3,623	131.94%
Gain (loss) on exchange	17,526	2.91%	2,447	0.55%	15,079	616.22%
Gain (loss) on derivatives	-	0.00%	2,012	0.45%	(2,012)	-100.00%
Bad debt recovery	-	0.00%	-	0.00%	-	0.00%
Others	1,732	0.29%	2,302	0.52%	(570)	-24.76%
Profit from sell of land, building and equipment	-	0.00%	94,224	21.21%	(94,224)	-100.00%
<b>Profit (loss) before finance cost and income tax expenses</b>	<b>9,499</b>	<b>1.58%</b>	<b>40,264</b>	<b>9.06%</b>	<b>(30,765)</b>	<b>-76.41%</b>
Finance income	3,101	0.52%	2,042	0.46%	1,059	51.86%
Finance cost	(589)	-0.10%	(33)	-0.01%	556	1,684.85%
<b>Profit (loss) before income tax expenses</b>	<b>12,011</b>	<b>2.00%</b>	<b>42,273</b>	<b>9.52%</b>	<b>(30,262)</b>	<b>-71.59%</b>
Income tax benefits (expenses)	(847)	-0.14%	1,407	0.32%	2,254	160.20%
<b>Profit (loss) for the year</b>	<b>11,164</b>	<b>1.85%</b>	<b>43,680</b>	<b>9.83%</b>	<b>(32,516)</b>	<b>-74.44%</b>
Depreciation and amortization	46,754	7.77%	49,223	11.08%	(2,469)	-5.02%
EBITDA	59,354	9.86%	91,529	20.60%	(32,175)	-35.15%

The performance results for Q1/2026 compared with Q1/2025, as a result from the following factors:

### Sales and Service income

The Company and its subsidiaries reported revenue from sales and service of 602.01 million Baht, increased 157.79 million Baht, or 35.52%, from the previous year. The revenues from OSAT, PCBA and BOXBUILD and OPTICS divisions increased by 52.81, 77.71 and 9.95 consecutively.

**Cost of Sales and Gross Profit**

Total cost of sales and service were 548.22 million Baht, increased 105.73 million Baht, or 23.89% from the corresponding period of the previous year primarily from cost reduction plan carried out at all levels of businesses.

Gross profit of Q1/2026 was 53.78 million Baht, increased 52.06 million Baht from the same period of the previous year.

**Selling and Administrative Expenses**

Selling and administration expenses of Q1/2026 were 69.91 million Baht, increased only 4.72 million Baht or 7.24% from the same period of previous year, which aligned with the cost reduction initiatives.

**Other incomes**

In Q1/2026, The Company and its subsidiaries had no non-recurring income. In Q1/2026, reported non-recurring income of 94.22 million Baht primarily from the sales of land, buildings and equipment (Plant 1).

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

The Company and its subsidiaries reported EBITDA of Q1/2026 were 59.35 million Baht, decreased 35.15 million from the same period of the previous year which there were the sales of land, buildings and equipment (Plant 1).

- **Financial Position**

At 31 March 2026, the Company and subsidiaries reported assets, liabilities and shareholder's equity compared to 31 December 2025 as below.

Balance Sheet	31 March 2026		31 December 2025		Increase (Decrease)	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Cash and cash equivalents	164,460	7.01%	394,857	16.80%	-230,397	-58.35%
Trade and other receivables	525,109	22.38%	372,414	15.85%	152,695	41.00%
Inventories	595,633	25.38%	502,058	21.37%	93,575	18.64%
<b>Total current assets</b>	<b>1,309,868</b>	<b>55.82%</b>	<b>1,294,920</b>	<b>55.11%</b>	<b>14,948</b>	<b>1.15%</b>
Property, plant and equipment	969,135	41.30%	974,859	41.49%	-5,724	-0.59%
<b>Total non-current assets</b>	<b>1,036,532</b>	<b>44.18%</b>	<b>1,054,981</b>	<b>44.89%</b>	<b>-18,449</b>	<b>-1.75%</b>
<b>Total assets</b>	<b>2,346,400</b>	<b>100.00%</b>	<b>2,349,901</b>	<b>100.00%</b>	<b>-3,501</b>	<b>-0.15%</b>
Bank overdrafts and short-term loans from financial institutions	-	0.00%	161,275	6.86%	-161,275	-100.00%
Trade and other payables	540,780	23.05%	397,212	16.90%	143,568	36.14%
Current portion of long-term loans	1,174	0.05%	1,352	0.06%	-178	-13.15%
<b>Total current liabilities</b>	<b>552,421</b>	<b>23.54%</b>	<b>569,629</b>	<b>24.24%</b>	<b>-17,208</b>	<b>-3.02%</b>
Long-term loans, net of current portion	-	0.00%	-	0.00%	0	0.00%
Lease liabilities, net of current portion	2,785	0.12%	2,955	0.13%	-170	-5.75%
<b>Total non-current liabilities</b>	<b>74,681</b>	<b>3.18%</b>	<b>71,222</b>	<b>3.03%</b>	<b>3,459</b>	<b>4.86%</b>
<b>Total liabilities</b>	<b>627,102</b>	<b>26.73%</b>	<b>640,851</b>	<b>27.27%</b>	<b>-13,749</b>	<b>-2.15%</b>
<b>Total shareholders' equity</b>	<b>1,719,298</b>	<b>73.27%</b>	<b>1,709,050</b>	<b>72.73%</b>	<b>10,248</b>	<b>0.60%</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>2,346,400</b>	<b>100.00%</b>	<b>2,349,901</b>	<b>100.00%</b>	<b>-3,501</b>	<b>-0.15%</b>

### Assets

At the end of Q1/2026, the Company and its subsidiaries reported assets of 2,346.40 million Baht, decreased 3.50 million Baht or 0.15% compared to at the year end of 2025, mainly come from cash and cash equivalents and property, plant and equipment which depreciated and offset with increasing in current asset (AR and Inventories).

### Liabilities and Shareholders' Equity

At the end of Q1/2026, the Company reported liabilities of 627.10 million Baht, decreased 13.75 million Baht or 2.15% compared to the end of 2025 mainly from increasing in trade and other payables and decreasing in short term loan. Meanwhile, shareholders' equity was 1,719.29 million Baht, increased 10.25 million Baht or 0.60% from operating results compared with the year end of 2025.

- Sources and Uses of Fund

Cash flow statement	Q1 / 2026	Q1 / 2025	Increase (Decrease)
	Thousand Baht	Thousand Baht	Thousand Baht
Net cash flows from (used in) operating activities	(43,042)	72,212	-115,254
Net cash flows from (used in) investing activities	(25,732)	46,704	-72,436
Net cash flows from (used in) financing activities	(161,623)	3,576	-165,199
Net increase (decrease) in cash and cash equivalents	(230,397)	122,492	-352,889
Cash and cash equivalents at beginning of year	394,857	286,003	108,854
Cash and cash equivalents at end of year	164,460	408,495	-244,035

The Company and its subsidiaries reported net cash in Q1/2026 of 164.46 million Baht, decreased 244.04 million Baht from the year Q1/2025 mainly from repayment of short-term loan.

The Company and its subsidiaries reported Q1/2026 net cash flows used in operating activities of 43.04 million Baht mainly from increased in A/R and inventories according to the increasing sale while net cash flows used in investing activities of 25.73 million Baht in investment for new machineries and equipment. The Company and its subsidiaries reported net cash flows used in financing activities of 65.78 million Baht, increased 99.89 million Baht from the last year due to repayment of short-term debt.

- อัตราส่วนทางการเงินที่สำคัญ (Financial Ratio)

Financial Ratio	Q1/2026	Q1/2025	Unit
1. Current Ratio	2.37	2.96	times
2. Quick Ratio	1.29	1.81	times
3. Number of Days Receivables	68.02	76.64	days
4. Number of Days Inventory	91.35	97.05	days
5. Number of Days Payables	78.06	73.24	days
6. Cash cycle	81.31	100.45	days
7. Gross profit margin	8.93%	0.39%	%
8. EBITDA margin	9.86%	20.14%	%
9. EBIT margin	1.58%	9.06%	%
10. Net profit margin	1.85%	9.83%	%
11. Debt-to-Equity ratio	0.36	0.26	times
12. Interest Coverage ratio	21.39	1,282	times
13. Return on Assets (1.1)	1.62%	6.77%	%
14. Return on Equity (1.2)	5.23%	9.52%	%
15. Earning per share (2)	0.01	0.05	Baht
16. Book value per share	2.05	2.19	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