

Subject: Management discussion and analysis of the company performance for 2021

Dear President

The Stock Exchange of Thailand

Stars Microelectronics (Thailand) Public Company Limited (The Company) would like to provide the explanation concerning the operation results of the company and its subsidiary for year ended 2021 reported the net profit of 210.21 million baht increased 126.80 million baht, or 152.00% compared with net profit of 83.41 million baht in 2020.

Revenue from sales and services

The company reported revenues from sales and services of 2,182.61 million Baht, increased 274.12 million Baht, or 14.36%, from the previous year. Despite the economic slowdown and the situation of global chip shortage and epidemic of COVID-19, the company revenues increased due to the demand from PCBA and OPTICS divisions, increased 124.25% and 27.17% YoY respectively.

Cost of sales and services

Total costs of sales and services were 1,760.65 million Baht, increased 208.09 million Baht, or 13.40% from the same period of previous year. The cost increase related to the same direction with revenue growth and cost management efficiency all year round.

Gross profit

Gross profit of 2021 was 421.96 million Baht, increased by 66.03 million Baht, or 18.55% from the same period of the previous year. The main reason came from growing new customer base, maintaining efficiency growth of high margin products and cost management allocated by product.

Selling and administration expenses

Selling and administration expenses of 2021 were 278.07 million Baht, increased by 4.17 million Baht or 1.52% from the same period of previous year because of expenses of issuing ESOP-Warrant for directors and employees of the Company as an incentive for employees to own shares. Furthermore, the Company operated expenses following to an increase of sales and services.

Other incomes

The Company reported other incomes of 57.33 million Baht, increased 12.93 million Baht or 29.12% from the same period of the previous year. The main reasons are gaining from selling the unused assets and the foreign exchange hedging for currency risk.

Financial Cost

The Company reported finance costs of 30.04 million Baht, increased by 5.84 million Baht, or 16.28% from the same period of the previous year due to mainly principal payment and financial restructuring concordantly with company's operating plan.

Income Tax

The Company reported the benefit from deferred tax of 38.97 million Baht because of company's cumulative losses.

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

The Company reported EBITDA of 450.52 million Baht, increased by 59.85 million Baht or 15.32% from the same period of previous year.

Assets

At the end of 2021, the Company reported assets of 2,764.01 million Baht, increased by 136.44 million Baht or 5.19% from the year end of 2020.

Liabilities

At the end of 2021, the Company reported liabilities of 1,185.29 million Baht, decreased by 113.70 million Baht or 8.75% from the year end of 2020.

Shareholders' equities

At the end of 2021, the Company reported shareholder's equities of 1,578.72 million Baht, increased by 250.13 million Baht or 18.83% from the year end of 2020. The main reason is due to achieve better performance and increasing of retain earnings.

Please be informed accordingly.

Yours sincerely,

(Mr. Chotisak Promwas)
Chief Financial Officer
Stars Microelectronics (Thailand) Public Company Limited