

November 3, 2022

Subject: Management discussion and analysis of the company performance for the 3rd quarter of 2022

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 the 3rd quarter of 2022 reported the net profit of 103.40 million baht increased 46.90 million baht, or 83.01% compared with net profit of 56.50 million baht in 2021.

Revenue from sales and services

During the 3rd quarter of 2022, the company reported revenue from sales and services of 809.85 million Baht, increased 277.43 million Baht, or 52.11%, from the previous year. Despite the material shortages, economic slowdown and the situation of epidemic of COVID-19 including Russia-Ukraine war and China-Taiwan conflict, the company revenues increased due to the demand from BOX BUILD/PCBA, OPTICS and IC/ADV PACKAGING divisions, increased 160%, 29% and 27% YoY respectively.

Cost of sales and services

Total cost of sales and services for the 3rd quarter were 644.77 million Baht, increased 233.91 million Baht, or 56.93% from the same period of previous year. The cost increase related to the same direction with revenue growth and cost management efficiency.

Gross profit

Gross profit for the 3rd quarter was 165.08 million Baht, increased by 43.52 million Baht, or 35.80% from the same period of the previous year. The main reason came from high margin products and cost management allocated by product.

Selling and administration expenses

Selling and administration expenses for the 3rd quarter of 2022 were 84.81 million Baht or 10.47% of revenue from sales and services, increased by 9.54 million Baht or 12.67% from the same period of previous year because the company efficiently operated expenses following to an increase of sales and services. Nevertheless, there is an increase of little portion when comparing with

the portion of 14.14% of revenue from sales and services from the same period of previous year.

Other incomes

The Company reported other incomes of 41.89 million Baht, increased 23.29 million Baht or 125.18% from the same period of the previous year as the company received the settlement from account receivables dictated by jurisdiction of 29.29 million Baht (gaining on exchange of 11.76 million Baht).

Financial Cost

The Company reported finance costs of 7.17 million Baht, decreased by 1.60 million Baht, or 18.24% from the same period of the previous year due to mainly from principal prepayment following to the growth of the company.

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

The Company reported EBITDA for the 3rd quarter of 2022 of 178.72 million Baht, increased by 51.55 million Baht or 40.54% from the same period of previous year.

Assets

At the 3rd quarter end of 2022, the Company reported assets of 2,786.17 million Baht, increased by 22.16 million Baht or 0.80% from the year end.

Liabilities

At the 3rd quarter end of 2022, the Company reported liabilities of 1,011.40 million Baht, decreased by 173.89 million Baht or 14.67% from the year end.

Shareholders' equities

At the 3rd quarter end of 2022, the Company reported shareholder's equities of 1,774.77 million Baht, increased by 196.05 million Baht or 12.42% from the year end. 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