

Subject: Management discussion and analysis of the company performance for 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 year ended 2022 reported the net profit of 303.72 million baht increased 93.51 million baht, or 44.48% compared with net profit of 210.21 million baht in 2021.

Revenue from sales and services

The company reported revenues from sales and services of 2,835.46 million Baht, increased 652.85 million Baht, or 29.91%, from the previous year. Despite the economic slowdown and the situation of material shortage and conflicts between countries, the company revenues increased due to the demand from PCBA and IC divisions, increased 110.84% and 21.91% YoY respectively.

Cost of sales and services

Total costs of sales and services were 2,244.48 million Baht, increased 483.83 million Baht, or 27.48% from the same period of previous year. This is in line with the increasing revenue growth rate while there was cost management efficiently and continuously.

Gross profit

Gross profit of 2022 was 590.98 million Baht, increased by 169.02 million Baht, or 40.06% from the same period of the previous year. The main reason came from expanding new customers and new products according to strategies and plans while there are cost management appropriately.

Selling and administration expenses

Selling and administration expenses of 2022 were 326.72 million Baht, increased by 48.65 million Baht or 17.49% from the same period of previous year in line with the increasing gross margin growth.

Other incomes

The Company reported other incomes of 81.87 million Baht, increased 24.54 million Baht or 42.81% from the same period of the previous year. The main reasons are receiving the settlement of bad debt from account receivables dictated by jurisdiction of 17.53 million Baht (loss on exchanges included) and damage compensation from insurance.

Financial Cost

The Company reported finance costs of 29.14 million Baht, decreased by 0.90 million Baht, or 3.01% from the same period of the previous year due to mainly principal prepayment related to operation performance.

Income Tax

The Company reported the income tax expense of 13.37 million Baht.

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

The Company reported EBITDA of 573.59 million Baht, increased by 123.07 million Baht or 27.32% from the same period of previous year.

Assets

At the end of 2022, the Company reported assets of 2,716.61 million Baht, decreased by 47.41 million Baht or 1.72% from the year end of 2021.

Liabilities

At the end of 2022, the Company reported liabilities of 827.38 million Baht, decreased by 357.91 million Baht or 30.20% from the year end of 2021.

Shareholders' equities

At the end of 2022, the Company reported shareholder's equities of 1,889.23 million Baht, increased by 310.51 million Baht or 19.67% from the year end of 2021. The main reason is due to achieve better performance in line with target which reflected to retain earnings increase.

Please be informed accordingly.

Yours sincerely,

(Mr. Chaiyot Thaveeratitham)
Chief Financial Officer
Stars Microelectronics (Thailand) Public Company Limited