

No. STARK008/2021

May 11, 2021

Subject: Management Discussion and Analysis for the first quarter of 2021 Ending March 31, 2021

Attention: President

The Stock Exchange of Thailand

Stark Corporation Public Company Limited (the "Company") would like to clarify the Company's operating result for the first quarter of 2021 Ending March 31, 2021 with important details as follows:

Key summaries (Q1/2021 to financial statement):

- **Copper cathode prices is surging over the last quarter.** Average LME Copper cathode price in March 2021 is approx. 9,000 USD per ton, increasing from approx. 8,000 USD per ton in January 2021. The Company forecasts that copper cathode price would trade at higher price due to the incremental demand from renewable energy and electricity vehicle. The Company shall closely monitor the situation to ensure to limit the impact of the increased copper cathode to the margin. In the past quarter, the Company is slightly affected from the situation. The Company has a policy to pass through or cost-plus strategy in which the Company secures raw material cost and ordering volume. Moreover, the Company has no speculation policy over raw material. Plus, the Company has conservative accounting policy which value of inventory and raw material is at cost, not mark-to market.
- **Cost saving from production.** The Company has a strategy to utilize refinery in Vietnam because of electricity cost and labor cost advantage. The Company ships copper cathode to DVN to refine and change copper cathode into copper rod before shipping back to production process in Vietnam and Thailand, resulting in reduction of production cost.
- **Adjusted Core EBITDA margin increase to 16.6 %** in 1Q2021 from 14.0% from 1Q2020 due to the focus on the High Margin product as well as the policy to effectively control costs and expenses, and systematically management of the Group (Integrated Supply Chain Management).
- **1Q2021 Adjusted Core net profit is equal to 368 mil baht**, an increase from 197 mil baht in 1Q2020 equals to **+86.7%** with **%Adj core net profit margin equal to 7.9%** in 1Q2021, increasing from 6.5% in 1Q2020. In general, the first quarter of every years, the Company has the lowest performance comparing with other quarters per the normal industry practice such as there is a long vacation over two weeks, in January or February, in Vietnam every years. However, the Company realizes this

practice and ready to limit the impacts and to prudentially manage overall performance to ensure sustainable growth.

- Strong financial position with Net Debt / Equity (adjusted) of 0.75x as of 1Q2021, decreased from 0.79x as of year-ended 2020.

1. Summary of key performance

Key Performance summary according to profit and loss statement first quarter of 2021 Ending March 31, 2021 (per financial statement)

Unit: Million Baht	1Q2021	1Q2020	%Chg
Core revenues ⁽¹⁾	4,655	3,022	54.1%
Adj. Core EBITDA ⁽²⁾	774	423	82.9%
%Adj. Core EBITDA ⁽²⁾	16.6%	14.0%	n.m.
Net profit	441	263	67.8%
%Net profit ⁽³⁾	9.5%	8.7%	n.m.
Adj. Core net profit ⁽⁴⁾	368	197	86.7%
%Adj. Core net profit ⁽⁴⁾	7.9%	6.5%	n.m.

Remark (1) Core revenues consist of revenue of sales, revenue of services and revenue from rental

- (2) Calculated by core revenue minus (i) core costs are costs of goods sold, costs of services and costs of rental (ii) distribution costs and administrative expenses plus depreciation and amortization expenses and non-recurring expense. The adjustment is as follows:

Unit: Million Baht	1Q2021	1Q2020
Realized gain / (loss) from normal business	(117)	44

- (3) Calculate ratio based on core revenues
 (4) Calculated by adjustment of net profit with following items:

Unit: Million Baht	1Q2021	1Q2020
Net profit	441	263
(Reversal) Impairment loss determined in accordance with TFRS 9	(11)	19
Unrealized gain / loss from normal business	(62)	61
Realized gain / loss from Vietnam acquisition	-	(146)
Adj. Core net profit	368	197
%Adj. Core net profit	7.9%	6.5%

n.m. = No Meaning

The Company performance is grown and outperform because of revenue recognition from investment in Vietnam since April 1, 2020, resulting in core revenues equal to 4,655 mil baht in 1Q2021 or increased 54.1% from 3,022 mil baht in 1Q2020. The Company focuses on High margin product, especially Medium to Extra High Voltage cables to support high growth in various of government and private projects, resulting in company's net profit of 1Q2021 equal to 441 million baht, an increase from 263 million baht in 1Q2020.

Due to the Company has controlled over TPC and DVN, wire and cable business in Vietnam since March 31, 2020, and TCI, small wire and cable business, since April 1, 2020. Thus, the Company did not recognize the operating result of TPC, DVN and TCI for 1Q2020.

Therefore, the Company's operating results hereinafter have been prepared as if the Company would have controlled significant businesses since January 1, 2020 for comparable purpose of performance in 1Q2020 and 1Q2021, Performa statement.

Unit: Million Baht	1Q2021	1Q2020 (Performa)	%Chg
Core revenues ⁽¹⁾	4,655	4,176	11.5%
Adj. Core EBITDA ⁽²⁾	774	532	45.6%
%Adj. Core EBITDA ⁽³⁾	16.6%	12.7%	n.m.
Net profit	441	269	63.7%
%Net profit ⁽³⁾	9.5%	6.5%	n.m.
Adj. Core net profit ⁽⁴⁾	368	203	81.0%
%Net profit ⁽³⁾	7.9%	6.7%	n.m.

Remark (1) Core revenues consist of revenue of sales, revenue of services and revenue from rental

(2) Calculated by core revenue minus (i) core costs are costs of goods sold, costs of services and costs of rental (ii) distribution costs and administrative expenses plus depreciation and amortization expenses and non-recurring expense.

(3) Calculate ratio based on core revenues

(4) Calculated by adjustment of net profit with above items

n.m. = No Meaning

- The Company has the Adj. Core EBITDA of 774 million baht in 1Q2021, an increase 45.6% from 532 million baht in 1Q2020. %Adj. Core EBITDA in 1Q2021 equal to 16.6%, an increase from 12.7% from the same period last year. These is mainly to the focus on High margin product, especially Medium to Extra High Voltage cables. Moreover, the Company has implemented a plan to reduce cost and expense (Lean management) continuously. Moreover, the Company has a policy to utilize DVN's refinery for internal use, resulting in cost saving in PDITL.
- Detail of the Core EBITDA of key subsidiaries is as follows:

Core EBITDA	1Q2021		1Q2020	
	Million Baht	Margin ⁽¹⁾	Million Baht	Margin ⁽¹⁾
PDITL	496	17.9%	334	12.5%
TPC / DVN	141	11.1%	n.a.	n.a.
ADS	84	19.5%	52	14.9%

Note: Separated financial statement

(1) Calculate ratio core revenues by intercompany eliminations based on separated financial statement

(2) PDITL has related party revenue from selling copper cathode to DVN, resulting in increased revenue from selling raw materials

- The Company has net profit equals to 441 million baht in 1Q2021 and 263 million baht in 1Q2020. Net profit margin in 2021 equals to 9.5%, a decrease from 8.7% from same period last year.
- In addition, 1Q2021 Adjusted Core net profit is equal to 368 mil baht, an increase from 197 mil baht in 1Q2020 equals to +86.7% with %Adj core net profit margin equal to 7.9% in 1Q2021, increasing from 6.5% in 1Q2020. In general, the first quarter of every years, the Company has the lowest performance comparing with other quarters per the normal industry practice such as there is a long vacation, over two weeks in January or February, in Vietnam every years. However, the Company realizes this practice and ready to limit the impacts and to prudentially manage overall performance to ensure sustainable growth.

2. Important Financial Summary

Unit: Million Baht	1Q2021	4Q2020
Total Assets	29,920	27,358
Net interest-bearing debt ⁽¹⁾	11,055	11,204
Total Equities (Equities - Adjusted) ⁽²⁾	14,737	14,218
Net Debt / Equity (Adjusted)	0.75x	0.79x
Net Debt / Trailing 12-month EBITDA	3.5x ⁽³⁾	3.5x ⁽⁴⁾

Remark (1) Comprised of short-term loan, financial lease, long term loan, etc.

(2) Comprised of equities plus Reverse Take Over (RTO) adjustment (amount THB 10,542 million)

(3) Annualized of EBITDA in 1Q2021

(4) EBITDA in 2020 assumed that TPC and DVN has been recognized in full year incorporating the improvement of business integration from 2H2020 onward

- The Company's total assets equals 29,920 million baht in 1Q2021, an increase of 2,562 million baht from 4Q2020 as a result of company's revenue growth.
- The Company's net interest bearing debt equals 11,055 million baht as of 1Q2021, decreased 149 million baht from 4Q2020 as resulted from PDITL's strategy and action plan that success in cost reduction and increased productivity to use with TPC and DVN.

Unit: Million THB	1Q2021	4Q2020
Short term loan	2,271	7,107
Long-term loan due within 1 year ⁽¹⁾	2,341	1,785
Long-term loan (Net)	7,175	3,469
Include Interest bearing debt	11,787	12,362
Exclude Cash and guarantee deposit	733	1,158
Interest bearing debt exclude cash	11,055	11,204

Note: (1) Comprised of short-term interest-bearing debt exclude short term loan

- As a result of Reverse Takeover (RTO) in 2019, the Company has to record adjusted RTO amount 10,542 million baht in accordance with accounting standards (TFRS3: Business combination). Therefore, Owner's equities will not reflect the actual financial position.

In this regard, if the company include this special transaction, Owner's equities (adjusted) will be 14,737 million baht in the first quarter of 2021 which will reflect the actual Company's financial position. The Company's has interest bearing debt exclude cash per net debt to Equity (Adj.) equals to 0.75 time.

- The Company's has net debt to EBITDA approximately 3.5 times due to concentration mainly on High Margin products as well as effective cost and expense management and integrated supply chain management. The Company expects appropriate level of Net debt to EBITDA to be 2.3- 2.5 times.

Please be informed accordingly.

Sincerely yours,

-Mr. Sathar Chantrasettalead-

(Mr. Sathar Chantrasettalead)

Director