

Subject: Management Discussion and Analysis for the third quarter of 2021 and nine-month Ending September 30, 2021 (Amendment No.2)

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 third quarter and nine-month of 2021 Ending September 30, 2021 with important details as follows:

**Key summaries (Q3/2021 and 9M/2021 ending September 30, 2021 per financial statement):**

- Core Revenues reported Baht 9,777 million (Q3/21) or 110% increased and Baht 19,685 million (9M/21) or 65.2% increased. This was mainly an increase of sales from government and private projects that continued construction according to plans and schedules.
- Adjusted Core EBITDA margin reported at 25.7% (Q3/21) and 20.6% (9M/21) according to the product mix in each period which mainly focuses on finished goods of the High Margin group of products.
- Net Profit (attribute to owners of the parent company) reported at Baht 913 million (Q3/21) and Baht 1,875 million (9M/21) an increased from Baht 395 million (Q3/20) and Baht 1,083 million (9M/20) respectively according to the continuous growth of the operating results.
- Strong financial position with Net Debt / Equity (adjusted) of 0.77x as of Q3/2021, slightly and temporary increase from the issuance of debentures in September 2021, which will be used to increase liquidity and repay the Company’s loans.

**1. Key performance summary**

Key Performance summary according to profit and loss statement third quarter and first nine-month of 2021 Ending September 30, 2021 (per financial statement)

Unit: Million Baht	Q3/2021	Q3/2020	%Chg	9M/2021	9M2020	%Chg
Core revenues <sup>(1)</sup>	9,777	4,655	110.0%	19,685	11,917	65.2%
Adj. Core EBITDA <sup>(2)</sup>	2,513	734	242.6%	4,045	1,791	125.8%
%Adj. Core EBITDA <sup>(3)</sup>	25.7%	15.8%	n.m.	20.6%	15.0%	n.m.
Net profit	915	398	129.9%	1,884	1,091	72.7%
%Net profit <sup>(3)</sup>	9.4%	8.6%	n.m.	9.6%	9.2%	n.m.

Unit: Million Baht	Q3/2021	Q3/2020	%Chg	9M/2021	9M2020	%Chg
Net profit attribute to owners of the parent company	913	395	130.7%	1,875	1,083	73.1%
%Net profit attribute to owners of the parent company	9.3%	8.5%	n.m.	9.5%	9.1%	n.m.
Adj. Core net profit <sup>(5)</sup>	1,838	383	379.2%	2,560	822	211.5%
%Adj. Core net profit <sup>(2)</sup>	18.8%	8.2%	n.m.	13.0%	6.9%	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	Q3/2021	Q3/2020	9M/2021	9M/2020
Realized gain / (loss) from normal business	756	40	667	39 <sup>(4)</sup>
Non-recurring items	-	-	15	-

- (3) Calculate ratio based on core revenues  
 (4) Calculated by exclude gain / loss from Vietnam acquisition  
 (5) Calculated by adjustment of net profit with following items:

Unit: Million Baht	Q3/2021	Q3/2020	9M/2021	9M/2020
Net profit	915	398	1,884	1,091
(Reversal) Impairment loss determined in accordance with TFRS 9	78	(11)	(159)	12
Unrealized (gain) / loss from normal business	1,065	70	1,482	7
Unrealized (gain) / loss from derivative	(220)	(74)	(659)	(63)
Realized gain / (loss) from Vietnam acquisition	-	-	-	226
Non-recurring items	14	-	26	10
<b>Adj. Core net profit</b>	<b>1,851</b>	<b>383</b>	<b>2,574</b>	<b>831</b>
%Adj. Core net profit	18.9%	8.2%	13.1%	7.0%
Adj. Core net profit attribute to owners of the parent company	1,848	380	2,565	824
%Adj. Core net profit attribute to owners of the parent company	18.9%	8.2%	13.0%	6.9%

n.m. = No Meaning

- The Company performance is grown and outperform as the revenue increased from higher demand in government and private construction project and postponed products previously scheduled in second quarter of 2021 have recognized in third quarter of 2021 (approximately Baht 900 – 1,000 million) following core revenue in third quarter 2021 as Baht 9,777 million or 110.0% increased from Baht 4,655 million in third quarter 2020. In the first 9 months of 2021, the Company's core revenue was Baht 19,685 million or approximately 65.2% growth from Baht 11,917 million from the same period last year. This was mainly due to the recognition of the increase in business performance in Vietnam in accordance with the Company's business strategy. As a result, the net profit of the Company in the 3<sup>rd</sup> quarter 2021 was equal to Baht

915 million or 129.9% increased from Baht 398 million in 3<sup>rd</sup> 2020. In the first 9 months 2021, the Company has a net profit of 1,884 million or a growth of 72.7% from Baht 1,091 million from the same period last year

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 Q1/2020.

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 9M/2020 and 9M/2021, Proforma statement.

Unit: Million	9M/2021	9M/2020 (Proforma)	%Chg
Core revenues <sup>(1)</sup>	19,685	13,071	50.6%
Adj. Core EBITDA <sup>(2)</sup>	4,030	1,964	105.2%
%Adj. Core EBITDA <sup>(3)</sup>	20.5%	15.0%	n.m.
Net profit	1,885	1,185	59.0%
%Net profit <sup>(3)</sup>	9.6%	9.1%	n.m.
Adj. Core net profit	2,562	929	175.7%
%Adj. Core net profit <sup>(3)</sup>	13.0%	7.1%	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 Baht 2,513 million in Q3/2021 and Baht 734 million in Q3/2020 or increased 242.6%. The %Adj. Core EBITDA in Q3/2021 equal to 25.7%, an increase from 15.8% from the same period last year. For the first nine months of 2021, the company has Adj. Core EBITDA of Baht 4,030 million or an increase 105.2% from Baht 1,964 million in 9M/2020. And %Adj. Core EBITDA equal to 20.5% and 15.0% in 9M/2021 and 9M2020 respectively.
- Detail of the Core EBITDA of key subsidiaries is as follows:

Core EBITDA	9M/2564		9M/2563	
	Million	Margin <sup>(1)</sup>	Million	Margin <sup>(1)</sup>
PDITL	1,765	17.6%	1,429	15.2%
TPC / DVN	1,240	17.3%	430 <sup>(2)</sup>	12.9%

Core EBITDA	9M/2564		9M/2563	
	Million	Margin <sup>(1)</sup>	Million	Margin <sup>(1)</sup>
ADS	248	18.6%	203	16.8%

Note: Separated financial statement

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

(2) Performa as Company recognize the TPC/DVN performance from 1 January 2020 to 30 September 2020

- The Company has net profit per (financial statements) equals to Baht 915 million in Q3/2021 and 398 million baht in Q3/2020. Net profit margin in Q3/2021 and Q3/2020 equals to 9.4% and 8.6%, respectively. For the first nine months period of 2021 and 2020, the company has a net profit of Baht 1,884 million and Baht 1,091 million respectively, and margin of 9.6% and 9.2%, respectively.

Considering the net profit of the owners of the Company in Q3/2021 equal to Baht 913 million and in Q2/2020 equal to Bath 395 million. Net profit margin in Q3/2021 and 2Q2020 is 9.3% and 8.5%, respectively. For 9M/2021 and 9M/2020, the Company's core net profit attribute to owners of the parent company is equal to Baht 1,875 million and Baht 1,083 million, respectively and net profit margin is equal to 9.5% and 9.1%, respectively.

## 2. Key Financial Summary

Unit: Million Baht	Q3/2021	Q2/2021
Total Assets	38,502	32,773
Net interest-bearing debt <sup>(1)</sup>	12,629	10,708
Equities	5,872	4,766
Total Equities (Equities - Adjusted) <sup>(2)</sup>	16,414	15,309
Net Debt / Equity (Adjusted)	0.77x	0.70x
Net Debt / Trailing 12-month EBITDA	2.6x <sup>(3)</sup>	3.5x <sup>(3)</sup>

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) Last-twelve month EBITDA

- The Company's total assets equals Baht 38,502 million t in Q3/2021, an increase of Baht 5,729 million from Q2/2021 as a result of the Company's performance and capital from the issuance of debentures in September 2021
- The Company's net interest bearing debt equals Baht 12,629 million as of Q3/2021, increased Baht 1,921 million from Q2/ 2021 as resulted from a principal payment from Vietnam's acquisition loans and the liabilities from the issuance of debentures in September 2021, which will be used to increase liquidity and repay debt

Unit: Million THB	Q3/2021	Q2/2021
Short term loan	2,322	2,353
Long-term loan due within 1 year <sup>(1)</sup>	2,515	2,184
Long-term loan (Net)	6,770	7,112
Debentures	2,219	-
<b>Include Interest bearing debt</b>	<b>13,826</b>	<b>11,649</b>
<b>Exclude Cash and guarantee deposit</b>	<b>1,197</b>	<b>941</b>
<b>Interest bearing debt exclude cash</b>	<b>12,629</b>	<b>10,708</b>

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 Baht 16,414 million in the third 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 0.77 time.
- The Company's has net debt to EBITDA approximately 2.6 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 2.0 times.

Please be informed accordingly.

Sincerely yours,

*-Mr. Sathar Chantrasettalead-*

(Mr. Sathar Chantrasettalead)

Director