

No. STARK019/2022

November 14, 2022

Subject: Management Discussion and Analysis for the third quarter and the nine-month period ended September 30, 2022

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 the nine-month period ended September 30, 2022 with important details as follows:

Key summaries (Q3/2022 and the nine-month period September 30, 2022 to financial statement):

- **Business synergies lead to higher performance** after investing in Vietnam such as integrating raw materials orders, exchanging information, knowledge, know-how and techniques in order to create and enhance manufacturing processes, reduce costs and increase efficiency. Specifically, the lowering of the production's scrap rate and.
- **Core revenues increased 11% to Baht 2,167.48 million (Q3/22)** due to higher sales from public and private projects that continue to build according to plans and schedules.
- **Copper cathode prices is constantly growing.** Average LME Copper cathode price in the first half of the year 2022 was approximately USD 10,000 per ton, increasing from approximately USD 9,700 per ton in January 2022. The Company expected 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 an increase 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.
- **Adjusted Core EBITDA margin an increased to 26% (Q3/22) and 23% (9M/22)** according to the product mix at each time. 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).
- **Net Profit (Owners of the Parent Company) equal to Baht 956.04 million (Q3/22) and Baht 2,216.47 million (9M/22)**, increased to 43.53% from Baht 912.51 million in Q3/21 and increased to 341.44% from Baht 1,875.03 million in 9M/21, respectively, according to the operating results continuously grow.

- Strong financial position with Net Debt / Equity (adjusted) equal to 0.80x as of 3Q2022 increased from 0.85x as of 2Q2022.

1. Key performance summary

Key Performance summary according to profit and loss statement for third quarter and the nine-month period ended September 30, 2022 (per financial statement)

Unit: Million Baht	Q3/2022	Q3/2021	%Chg	9M/2022	9M2021	%Chg
Core revenues ⁽¹⁾	8,344	9,777	-14.7%	21,852	19,685	11%
Adj. Core EBITDA ⁽²⁾	2,204	2,514	-12.3%	4,922	4,046	21.7%
%Adj. Core EBITDA ⁽³⁾	26.4%	25.7%	n.m.	22.5%	20.6%	n.m.
Net profit	962	915	5.1%	2,233	1,884	18.5%
%Net profit ⁽³⁾	11.5%	9.4%	n.m.	10.2%	9.6%	n.m.
Net profit attribute to owners of the parent company	956	913	4.8%	2,216	1,875	18.2%
%Net profit attribute to owners of the parent company	11.5%	9.3%	n.m.	10.1%	9.5%	n.m.
Adj. Core net profit ⁽⁴⁾	1,492	1,664	-10.3%	2,720	2,432	11.9%
%Adj. Core net profit ⁽³⁾	17.9%	17.0%	n.m.	12.4%	12.4%	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 adjustments are as follows:

Unit: Million Baht	Q3/2022	Q3/2021	9M/2022	9M/2021
Realized gain / (loss) normal business	162	756	450	667
Non-recurring items	-	17	173	32

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

Unit: Million Baht	Q3/2022	Q3/2021	9M/2022	9M/2021
Net profit	962	915	2,233	1,884
(Reversal) Impairment loss determined in accordance with TFRS 9	54	78	33	(159)
Unrealized (gain) / loss from normal business	616	844	423	823
Realized gain / (loss) from Vietnam acquisition	-	17	173	26
Adj. Core net profit	1,499	1,667	2,736	2,441
%Adj. Core net profit	18.0%	17.1%	12.5%	12.4%
<i>Adj. Core net profit attribute to owners of the parent company</i>	1,492	1,664	2,720	2,432
%Adj. Core net profit attribute to owners of the parent company	17.9%	17.0%	12.4%	12.4%

n.m. = No Meaning

- The Company has significantly growth due to higher sales volumes from government and private projects that are continuing to build according to plans and schedules. As a result, the core revenue was Baht 8,344 million in 3Q2022 or approximately 14.7%, decreased from Baht 9,777 million in 3Q2021. The Company has the core revenue equal to Baht 21,852 million in the nine-month period ended of the year 2022 or approximately 11%, increased from Baht 19,685 million from the same period in the previous year resulted of the recognition of business performance in Vietnam. However, the core revenue an increased, resulting to net profit of the Company of 3Q2022 equal to Baht 962 million or approximately 5.1% increased from Baht 915 million in 3Q2021. The Company has net profit equal to 2,233 million Baht or approximately 18.5% in the nine-month period ended of the year 2022, increased from Baht 1,884 million from the same period in the previous year.

Considering the net profit of the owners of the Company in third quarter of 2022 and 2021 equal to Baht 1,492 million and Baht 1,664 million, respectively. Net profit margin in 2022 and 2021 equal to 17.9%, and 17.0%, respectively. In the nine-month period 2022 and 2021, the Company has net profit of the owners of the Company equal to Baht 2,720 million and Baht 2,432 million, respectively, or margin equal to 12.4% as the same period.

2. Key Financial Summary

Unit: Million Baht	Q3/2022	Q2/2021
Total Assets	47,097	45,473
Net interest-bearing debt ⁽¹⁾	15,385	15,522
Equities	8,734	7,718
Total Equities (Equities - Adjusted) ⁽²⁾	19,276	18,260
Net Debt / Equity (Adjusted)	0.80x	0.85x
Net Debt / EBITDA	2.5x ⁽³⁾	2.4x ⁽³⁾

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

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

(3) Annualized of EBITDA last 12 months

- The Company's total assets equal Baht 47,097 million as of 3Q2022, increased of Baht 1,623 million from 2Q2022 as a result of increased in the Company's performance.
- The Company's net interest bearing debt Baht 15,385 million as of 3Q2022, decreased from Baht 137 million Baht from 2Q2022 as resulted from a principal payment from Vietnam's acquisition loans and the liabilities from the issuance of debentures in May 2022, which will be used to increase liquidity and repay debt.

Unit: Million Baht	Q3/2022	Q2/2021
Short term loan	4,736	4,888
Long-term loan due within 1 year ⁽¹⁾	2,038	1,925
Long-term loan (Net)	2,523	2,896
Debentures	6,718	6,708
Include Interest bearing debt ⁽²⁾	16,016	16,417
Exclude Cash and guarantee deposit	631	895
Interest bearing debt exclude cash	15,385	15,522

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 Baht 10,542 million 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 19,276 million in the third quarter of 2022, which will reflect the actual Company's financial position. The Company has interest bearing debt exclude cash per net debt to Equity (Adj.) equals to 0.80x.
- The Company has net debt to EBITDA approximately 2.5x 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 2.0x.

Please be informed accordingly

Sincerely yours,

-Mr. Chanin Yensudchai-

(Mr. Chanin Yensudchai)

Chairman