Ref. STARK022/2020

August 3, 2020

Subject: Management Discussion and Analysis Quarter 2 Ending 30 June 2020

Attention: President

The Stock Exchange of Thailand

Stark Corporation Public Company Limited (the "**Company**") hereby reports an operating result for first quarter ended June 30, 2020.

(1) Background

In 2019 Stark Corporation Public Company Limited (the "**Company**") (Previously named Siam Inter Multimedia Public Company Limited) has a significant progress as follows:

1.1) Reversed Takeover of Siam Inter Multimedia Public Company Limited was completed on July 9th 2019 in which the company has changed the business from media and multimedia ("the **Old Business**") to production and distribution of wire and cable under operation of Phelps Dodge International (Thailand) Limited (PDITL).

1.2) Distributed the Old business on August 15th 2019

1.3) Invested in Adisorn Songkhla Co., Ltd. ("**ADS**") on December 25th 2019 by which such investment was under common control. ADS core business is to provide human resource services, property rentals and other petroleum-related services.

1.4) On 31st March 2020 PDITL invested 100% in Thinh Phat Cable Joint Stock Company ("**TPC**") and Dong Viet Non-Ferrous Metal and Plastic Joint Stock Company ("**DVN**") which produce and distribute wire and cable in Vietnam.

1.5) Moreover, on April 1st 2020 PDITL also invested 99.99% in Thai Cable International Co., Ltd. ("**TCI**") through N.M.N. Holding2 Co., Ltd. TCI business is to produce and distribute small size wire and cable operating in Thailand

In this regards, the Company's performance for first quarter ended June 30th 2020 can be summarized as follows:

Financial Statement	Q1/2019	Q1/2020
Income Statement	Media and Multimedia ("**Old Business**")	1. Production and distribution of wire and cable (PDITL + TPC + DVN + TCI) 2. Human Resource services and others (ADS) (Collectively known as "**New Business**")

STARK CORPORATION PUBLIC COMPANY LIMITED
518/5 Maneeya Building Center, 16th Floor, Ploenchit Road, Lumpinee, Pathumwan, Bangkok 10330 Thailand | Tel: (+66) 2 6805800 | Fax: (+66) 2 6805899 | Email: info@starkcorporation.com | www.starkcorporation.com

Financial Statement	Q1/2019	Q1/2020
Balance Sheet	Media and Multimedia (“**Old Business**”)	1. Production and distribution of wire and cable (PDITL + TPC + DVN +TCI) 2. Human Resource services and others (ADS) (Collectively known as “**New Business**”)

However, the Company has compared business performance of (1) Production and distribution of wire and cable (PDITL + TPC + DVN + TCI) and (2) Human resource services and others (ADS) for second quarter and six-month period ended 2019 and 2020 for a clearer comparison of STARK’s new businesses.

(2) Performance

2.1) Old business vs New business (quarterly and six-month period)

	Old Business		New business		% Change	Old business		New business		% Change
	Q2/2562		Q2/2563			6M/2562		6M/2563		
	MB	%	MB	%		MB	%	MB	%	
Total Revenue	87	100.0	4,657	100.0	5,261.6	168	100.0	7,666	100.0	4,462.4
EBITDA	(56)	(64.3)	865	18.6	n.m.	(178)	(106.0)	1,375	17.9	n.m.
Profit (Loss) Net*	(75)	(86.6)	440	9.5	n.m.	(248)	(148.0)	701	9.1	n.m.

Note: * Share of profit (loss) attributable to the parent company

The calculation of% Change is calculated from the financial statements which have Baht units.

In the second quarter of 2020, The Company has significantly increased in the operating performance. Total revenue increased to 4,657 Million Baht, an increase of 4,570 Million Baht or 5,261.6 percent. In first six-month period of 2020 (6M/2020), the company has total revenue of 7,666 Million Baht, an increase of 7,498 Million Baht or 4,462 percent.

EBITDA has significantly increased to 865 Million Baht or an increase of 921 Million Baht in second quarter of 2020 and has EBITDA in the first six-month period of 2020 (6M/2020) equals to1,375 Million Baht or an increase of 1,553 Million Baht. Besides, the company has a significant increase in net profit to 440 Million Baht or an increase of 515 Million Baht in second quarter of 2020 and net profit for six-month period of 2020 (6M/2020) equals to 701 Million Baht or an increase of 949 Million Baht mainly due to the acquisition of a reverse takeover, causing the Company to change its main business operations from media and multimedia business (“**Old Business**”) to a business of manufacturing and distribution of electrical wires and cables under the operation of Phelps Dodge International (Thailand) Company Limited (“**PDITL**”) as well as the Company investment in human resource services and others of the Adisorn Group (collectively known as “**New Business**”)

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2.2) New business (quarterly and six-month period)

	New business				%Change	New business				%Change
	Q2/2019		Q2/2020			6M/2019		6M/2020		
	MB	%	MB	%		MB	%	MB	%	
Total revenue	3,033	100.0	4,657	100.0	53.5	5,835	100.0	7,666	100.0	31.4
EBITDA	215	7.1	865	18.6	301.6	582	10.0	1,375	17.9	136.4
Profit (Loss) Net*	8	0.3	440	9.5	5,340.5	133	2.3	701	9.1	428.7

Note: * Share of profit (loss) attributable to the parent company

The calculation of% Change is calculated from the financial statements which have Baht units.

The company has total revenue in second quarter of 2020 equals to 4,657 Million Baht, an increase of 1,624 Million Baht or 53.5 percent comparing to second quarter of 2019. Besides, the company has total revenue for first six-month period of2020 (6M/2020) equals to 7,666 Million Baht, an increase of 1,832 Million Baht due mainly to realization of TPC and DVN performance since April 1st 2020 as well as the company has successfully increase local market share in Thailand as a result of an increase in both price competitiveness, quality standard and after sales service.

In addition, the Company had EBITDA in the second quarter of 2020 equal to 865 million baht, an increase of 649 million baht or 301.6 percent from the second quarter of 2019, which is equivalent to EBITDA margin for the second quarter of 2019 and the second quarter of 2020 is equal to 7.1 and 18.6 respectively. In addition, the Company had EBITDA in the first six months of 2020 equal to 1,375 million baht, increased by 793 million baht or 136.4 percent higher than the same period of the previous year, representing EBITDA margin in the first six months in 2019 and year. 2020 is equal to 2.3 and 9.1 percent respectively. This is because the company has a policy to effectively control costs and expenses, such as the installation of a solar roof top to reduce energy costs in the long run and modifications use metal wheels that are strong and have a long service life instead of using wooden wheels for certain types of power cables. As well as systematic process management between PDITL, TCI and Vietnam companies (TPC and DVN) which have been deployed during that period etc.

Therefore, the total revenue increased. Cost control policies and overall management control resulting in the Company net profit of 440 million baht in the 2nd quarter of 2020 which increased by 432 million baht or 5,340.5% compared to the second quarter of 2019. In addition, the Company's net profit was 701 million baht in the first six months of the year. 2020, which increased by 569 million baht or 428.7% compared to the same period last year

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(3) Financial Status

	Old Business		New Business			
	Q2/2019		Q1/2020		Q2/2020	
	MB	Percentage	MB	Percentage	MB	Percentage
Total assets	516	100.0	21,476	100.0	23,914	100.0
Interest-bearing debt, net of cash	441	85.5	11,998	55.9	12,624	52.8
Total shareholders' equity	(198)	(38.3)	2,502	11.7	2,890	12.1
Net Debt / EBITDA (1) / (2)	**(0.62x)**		**6.07x**		**4.59x**	

Note: (1) The ratio of net interest-bearing debt to operating profit before depreciation and amortization

(2) EBITDA adjusted to year (Annualized)

After completion a reverse takeover, resulting in the Company better financial status. The shareholders' equity changed from (198) Million Baht on June 30, 2019 to 2,890 Million Baht Million Baht on June 30, 2020. In this regard, as the Company completed the purchase of TPC and DVN on March 31, 2020. As a result, the 1st quarter and 2nd on 2020 will show the financial status of TPC and DVN. In addition, the Company received financial support from the financial institution for the aforementioned investment resulting in increased of interest-bearing debt by approximately 8,700 Million Baht. The loan as of March 31, 2020 has been classified as short-term loan as it is bridging loan for business acquisition only. After complete the term of such bridging loan, the Company negotiated with the bank to change to a long-term loan. Moreover, the borrowing rate of the company has decreased from 6.07 times to 4.59 times after the company started to recognize the operating results of TPC and DVN from April, 1st, 2020 onwards.

However, the Company is confident that the investment will help create long-term growth in regional completion, more range of products that cover both in Thailand and abroad as well as generating increased and sufficient cash flow to continue the business sustainably.

Please be informed accordingly.

Sincerely yours

-Mr. Sathar Chantrasettalead-

Mr. Sathar Chantrasettalead
Director

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