

Ref. no. STPI.FAD.017/2022

14th November 2022

Subject: Clarification on Financial Statements for the Third Quarter of 2022

To: President of the Stock Exchange of Thailand

In addition to the submission of STP & I Public Company Limited for the quarterly Financial Statements, ended 30 September 2022, the Company would like to provide more explanation for the changes in financial performance as follows:

- In the 3rd quarter of 2022, the Company reported Total Revenue of Baht 1,175 million; a sharp increase of Baht 552 million or 88% compared to Baht 623 million in the 3rd quarter of 2021, mainly due to higher value of projects on hand which resulting in the higher work volume from operation, including the resumption of a major project that could be recognized continuously from the 2nd quarter of this year. However, there was no further service fee from this same project on preservation and mobilization of work during construction. In addition, the machinery sales segment was still affected by the economic slowdown. Revenue from real estate rental segment dropped around 50% because a subsidiary has sold leasehold rights and/or sublease rights to the KTBST Mixed Freehold and Leasehold Real Estate Investment Trust (REIT) since late 2021.
- The gross profit margin from operation has improved when compared to the previous quarter, but still lower than the same quarter of 2021. This was because in the third quarter of previous year, the Company was able to reach an agreement to increase the value of the contract with a key customer and being able to recognize more revenue and thus resulted in an improvement in gross profit margin from operation. While in the current year, the company still has a relatively high cost of preparation for the resumption of a large project. Moreover, the workload is still not at full capacity so the Company still needed to record plant overhead not allocated to the cost of production of Baht 44 million, which is around the same amount compared to that of previous year.
- The Company reported a foreign exchange loss of Baht 1 million in the current period, which decreased from Baht 71 million gain for the same period in 2021, due to an adjustment in book value of USD assets and liabilities based on the exchange rate at the end of the reporting period.
- Administrative expenses in the current quarter were Baht 55 million; a decrease of 29% compared to the same quarter of the previous year. This was mainly due to the substantial reduction of a subsidiary's arbitration litigation expenses because the witness examination process was completed and all case documents were already been submitted since the first half of the year. Currently still under consideration by the arbitral tribunal.

- The current economic recession has still continued to cause negative impact on global investment markets. Since the Company must present investments at fair value, as a result, there are unrealized losses from the change in investment value in the reporting quarter of Baht 35 million, while the same period of last year reported a loss of Baht 6 million.
- From the aforementioned reasons, the Company reported a net profit attributable to the shareholders of the Company of Baht 54 million for the 3rd quarter of 2022, approximately 70% dropped from the net profit of Baht 180 million in the same period of 2021.

Please kindly be informed.

Best regards,

(Ms. Supattra Yangtrong)

Finance & Accounting Department Manager