

Ref. no. STPI.FAD.002/2024

29<sup>th</sup> February 2024

Subject: Clarification on Financial Statements for the year 2023

To: President of the Stock Exchange of Thailand

In addition to the submission of STP & I Public Company Limited for the annual Financial Statements, ended 31 December 2023, the Company would like to provide further explanation for the changes in financial performance as follows:

- The Company reported Total Revenue from operation of Baht 3,888 million for the year 2023; increased by 3.52% from Baht 3,756 million of 2022. Although revenue from fabrication work decreased slightly from the previous year by Baht 174 million, wellhead platform dismantling services which have started since the 3rd quarter of the reporting year, together with the higher sales of machinery, have contributed to Baht 289 million increase in the revenue from sales and services compared to the previous year. Revenue from rental of real estates also increased approximately 15.47% year on year due to more warehouse area for rent.
- In 2023, the company had gross profit from operations equal to Baht 682 million or 17.54% margin, which improved substantially from 9.94% margin of the previous year, mainly because fabrication division was able to agree on the additional contract value with the main project employer, while some of related costs have already been recognized since previous year. However, the workload was still not at full capacity so the Company still needed to record Plant overhead not allocated to the cost of fabrication work of Baht 191 million, which was around the same level with that of 2022.
- The Company reported a foreign exchange loss of Baht 49 million in 2023, compared to Baht 93 million loss of previous year, from an adjustment in book value of USD assets and liabilities in accordance with the financial reporting standard.
- During the year 2022, the economic crisis impacted on global investment markets; causing investment values in both debt and equity securities to decline drastically and thus the Company needed to recognize losses related to investments of Baht 88 million. Fortunately, various situations have improved in 2023 but there was still concerns about the interest rate hike from the US Federal Reserve so the company sold some investments to reduce risk exposure, resulting in a loss from the sale of investment of Baht 24 million, while still being able to recognize Baht 40 million profit from the remaining investment.
- Administrative expenses for the reporting year were Baht 227 million, approximately 23% saving as compared to the previous year. This was mainly due to the lower costs of arbitration proceedings of a subsidiary because the process of examining witnesses and submitting most of the documents has been completed since the first half of 2022.

- In 2019, a subsidiary has had a dispute with the contractor for the design and construction of a municipal waste power plant and entered into the arbitration process since then. In the 4th quarter of 2023, the Arbitral Tribunal issued the final award and considered the dispute to be completely ended (Details as per Note 36.5). At present, this subsidiary is in the process of recruiting experts to improve the power plant so that it can be operated as intended.

In addition, the company has considered the impairment of the right to produce and distribute electricity from municipal waste and the value of the said power plant during construction. A loss from impairment of the right to produce and distribute electricity was recognized at Baht 164 million and a reversal of income tax expenses was recorded in the amount of Baht 33 million. Both of these items caused higher net expenses in 2023 by Baht 131 million.

- From the aforementioned reasons, the Company reported a Net Profit attributable to the shareholders of Baht 201 million for the year 2023, which improved significantly from a Net Loss of Baht 145 million of 2022.

Please kindly be informed.

Best regards,

(Ms. Supattra Yangtrong)

Finance & Accounting Department Manager