Management's Discussion and Analysis of Financial Condition and Result of Operations

For Quarter 1/2024

Star Petroleum Refining Public Company Limited

Table of Contents

1. Company and its Subsidiaries' Operating Result

On 3rd January 2024, SPRC has successfully completed the acquisition of the Fuel business including Star Fuels Marketing Company Limited ("SFL") and the share capital of Thai Petroleum Pipeline Company Limited from Chevron Asia Pacific Holdings Limited. Additionally, a subsidiary of SPRC also purchased the land being operated in the petroleum product distribution for US$ 28.2 million (Baht 967 million). Such acquisitions were carried out between the companies under the common control of the ultimate parent of the Company. The Company assessed that the business transaction met in scope of business combination under common control. Therefore, SPRC retrospectively adjusted the business combination under common control transactions as if the combination had occurred on the later of the beginning of the preceding comparative period and the date the acquiree has become under common control which reflected in retrospectively adjusted under consolidated financial statement.

Table 1: Summary of Consolidated Financial statements

(US$ Million)	Q1/24	Q1/23	+/(-)
Total Revenue	1,972	1,944	28
EBITDA	166	74	92
Gain (loss) on foreign exchange	6	0	6
Net income (loss)	110	36	74
Net income (loss) (US$ per share)	0.03	0.01	0.02

(Baht Million)	Q1/24	Q1/23	+/(-)
Total Revenue	70,625	66,218	4,407
EBITDA	5,931	2,476	3,455
Gain (loss) on foreign exchange	208	5	203
Net income (loss)	3,943	1,195	2,748
Net income (loss) (Baht per share)	0.91	0.28	0.63

Remark: The company has prepared the Q1/23 consolidated financial statements for business combination under common control for comparison as above table. Therefore, the Company presents comparative data for Q1/24 and Q1/23 only to align with the consolidated financial statements.

Refinery Business	Q1/24	Q4/23	+/(-)	Q1/23	+/(-)
Accounting gross refining margin (US$/barrel) (1)	10.80	(6.82)	17.62	3.90	6.90
Market gross refining margin (US$/barrel) (2)	8.31	1.80	6.51	6.36	1.95
Crude intake (thousand barrels/day)	167.4	150.2	17.2	162.2	5.2
Crude intake Utilization	96%	86%	10%	93%	3%

Remark: (1) Margin includes inventory gain/loss based on weighted average inventory cost.
(2) Margin is calculated based on current replacement cost.

In Q1/24, started the year with bullish sentiment of key refined product crack especially gasoline. The gasoline crack rose across the quarter from supply tightness as a spate of unplanned refinery outages in Asia and the US. While China's gasoline exports have fallen during January to February and slightly increased in March. Meanwhile, middle distillate cracks moved in the low to mid of US$20/bbl amid tighter balance in Asia. In addition, Thailand market suspended diesel export from local Thai refinery shutdown the crude unit in the mid of Jan to end of the month.

The utilization rate for the crude intake in Q1/24 was 167 thousand barrels per day, or equivalent to 96% of its refining capacity, higher than the prior quarter, owing to smooth refinery run with strong refined product crack supported to elevate production throughput while SPRC had a maintenance on the Residual Fluidized Catalytic Cracking Unit (RFCCU) in prior quarter. In addition, SPRC's production has shifted entirely to Euro V specification starting January 2024 for mogas and diesel with higher margin contribution led by the better specification including enhanced margin captured by Bottom Line Improvement Program (BLIP), with a fully integrated refining and marketing business though value chain optimization across all areas by US$0.59/bbl

SPRC's market enterprise margin, which includes refining and marketing in Q1/24 was US$9.16/bbl, the key contribution to SPRC market enterprise margin in this year is marketing margin after integrating refining and our fuels marketing business, Star Fuels Marketing Limited (SFL). In addition, stronger main product crack over Dubai also supports refinery margin. In Q1/24, SPRC continued to value change optimization, feedstocks, products, and process such as optimizing freight cost, replacing heavy crude with alternative crude via BLIP (Bottom line Improvement Program).

The accounting refining margin elevated in Q1/24 at US$10.80/bbl compared to US$-6.82/bbl last quarter, impacted by strong key refinery cracks with fully shifted to Euro V specification for diesel and mogas and lower crude premium compared to prior quarter. Additionally, the accounting refining margin also impacted from net stock gain including the reversal of net realizable value due to average oil price increased in Q1/24. Excluding stock gain, the market refining margin was US$8.31/bbl, which significant rose from US$1.80/bbl in prior quarter due to a combination of increase in gasoline crack with lower crude premium, shifted to Euro V specification and smooth refinery run with higher utilization rate. Moreover, total operating expenses in this quarter decreased from the prior quarter from lower maintenance costs relating to timing of maintenance period which normally intense in the second half of the year. SPRC received insurance claim in this quarter amounting to US$19 MM from the oil spill incident occurred since January 2022 which recorded under other income. Therefore, these resulted in SPRC's net earnings for Q1/24 was US$110 million (Baht 3,943 million).

Compared Q1/24 with Q1/23, EBITDA, EBIT and net profit in Q1/24 show a significant rise due to higher refining margin with net stock gain from higher average oil price and SPRC also received insurance claim from 2022 oil spill incident. Moreover, the market refining margin in Q1/24 was US$8.31/bbl compared to US$6.36/bbl in Q1/23 from significantly decreased in crude premium with higher margin from shifted of product Euro IV to Euro V.

The marketing business total sale volume in Q1/24 of 7.4 million barrels was supported by volume sales from some in-country refinery shutdown in the second half of January. Additionally, the company continued to enhance sale volume by launching marketing campaigns and promotions which led to increased sale volume.

2. Market Condition

MOP Singapore Pricing	Q1/24	Q4/23	+/(-)	Q1/23	+/(-)
Dubai crude oil	81.22	83.75	-2.53	80.23	0.99
Light Naphtha (MOPJ)	75.10	73.23	1.87	74.21	0.89
Gasoline (premium)	99.09	96.22	2.87	98.94	0.15
Jet Fuel	102.40	107.38	-4.98	106.26	-3.86
Diesel	104.35	104.94	-0.59	108.47	-4.12
Fuel Oil	70.40	72.64	-2.24	62.22	8.18

Spread over Dubai	Q1/24	Q4/23	+/(-)	Q1/23	+/(-)
Light Naphtha (MOPJ)	-5.03	-10.52	5.49	-3.75	-1.28
Gasoline (premium)	17.87	12.47	5.40	18.71	-0.84
Jet Fuel	21.19	23.63	-2.44	26.03	-4.84
Diesel	23.14	21.19	1.95	28.24	-5.10
Fuel Oil	-9.68	-11.11	1.43	-16.01	6.32

The average Dubai price for Q1/24 was US$81.22/bbl decreased from US$83.75/bbl in Q4/23. As the concern of faltering economic growth in China as the world's biggest crude oil importer, raise the concern of slow demand. On refinery side, Asian refinery runs were at 30.8 million b/d in Q1/24, down by 100,000 b/d year over year as higher refinery maintenance activities across the region. However, the crude oil has continued increasing in this quarter owing to escalating geopolitical tensions in the Middle East, even the ceasefire was offered by Hamas and was rejected by Israel, and also intensifying tension between Russia and Ukrainian after attacked the southern Russia's largest refinery from Ukrainian drones. Moreover, OPEC+ oil producers extend their voluntary output cuts to preserve the price rebound, offsetting with a recovery in Libyan production from disruption.

Naphtha spread over Dubai in Q1/24 increased to US$-5.03/bbl as crude price declined, Concerns of conflict in the Red Sea delaying arrival cargoes from the Middle East buoyed naphtha cracks, continued attacks on Russian energy infrastructure led to disruption in supply from Russian Novatek's Ust-Luga terminal. Nevertheless, the back of poorer demand due to steam-cracker turnarounds and an expected rise in supply from the Middle East as refineries in the region return from scheduled maintenance have limited the crack increased.

Gasoline spread over Dubai in Q1/24 was US$17.87/bbl significantly increased from US$12.47/bbl in Q4/23 as Lunar New Year festive travels supported the region’s demand which was lower Chinese gasoline exports in amid higher domestic demand during festive period, Strong import demand from Indonesia and Vietnam, bullish fuel demand data from key consumer India and rising domestic demand moving closer to The US summer driving season and refinery issues. However, the new export quota from mainland China will likely result in higher exports, firm gasoline exports from South Korea and lackluster Indonesia's import demand ahead of the upcoming Eid al-Fitr festivity that were weigh on the cracks.

Jet crack spreads over Dubai decreased from the previous quarter to be US$21.19/bbl with easing demand on winter heating oils as a warmer winter in Japan, seasonal decline in heating oil demand in Northeast Asia and the multiyear-high inventory levels in US West Coast have pressured the cracks, However, Festive season travel during Lunar New Year holiday period has supported demand which have kept a lid on the declined in jet/kerosene cracks.

Diesel crack spreads over Dubai increased from the previous quarter to US$23.14/bbl as lower diesel exports from Russia due to the attack on its oil infrastructure, Red Sea disruptions and higher offline capacity in Middle East amid low inventory levels in the United States and ARA have pushed up the cracks. Moreover, lower diesel exports from India have more than offset the higher Chinese exports, amid higher import requirements from Australia, Indonesia and Vietnam, tightening the diesel market. On the other hand, new refineries such Al-Zour and Duqm added more production capacity to the market and the weak economic outlook in Europe was continuing to weigh on diesel import requirements, pressuring the cracks.

Fuel oil spread over Dubai in Q1/24 increased from the previous quarter to be US$-9.68/bbl as red sea tension resulted the rerouting of vessels to a longer voyage and lower Russian fuel oil exports have weighed on the crack. However, High stocks in Singapore and ARA and lower fuel oil imports from mainland China quota have limit the increase in cracks.

3. Financial Performance

Financial Results

Table 2: Consolidated Financial result

	US$ Million		
	Q1/24	Q1/23	+/(-)
Total Revenue	1,972	1,944	28
Cost of sales	(1,840)	(1,868)	28
Gross profit (loss)	**132**	**77**	**55**
Share of profit from investment in associate	1	-	1
Other income	20	2	18
Gain (loss) on exchange rate	6	0	6
Administrative expenses	(19)	(29)	10
Finance costs	(3)	(5)	1
Fair value gain (loss) on derivatives	-	0	(0)
Income tax	(27)	(9)	(18)
Net income (loss)	**110**	**36**	**74**

	Baht Million		
	Q1/24	Q1/23	+/(-)
Total Revenue	70,625	66,218	4,407
Cost of sales	(65,914)	(63,658)	(2,256)
Gross profit (loss)	**4,711**	**2,560**	**2,151**
Share of profit from investment in associate	48	-	48
Other income	736	80	656
Gain (loss) on exchange rate	208	(5)	203
Administrative expenses	(666)	(988)	322
Finance costs	(118)	(156)	38
Fair value gain (loss) on derivatives	-	1	(1)
Income tax	(976)	(298)	(677)
Net income (loss)	**3,943**	**1,195**	**2,748**

Production Volumes

Table 3: Refinery products only — Thousands barrels

Petroleum products	Q1/24	Q4/23	Q1/23
Polymer Grade Propylene	347	212	340
Liquefied Petroleum Gas	604	515	620
Light Naphtha	945	913	766
Gasoline	4,046	3,004	4,044
Jet Fuel	1,744	1,632	1,675
Diesel	6,234	5,391	5,932
Fuel Oil	879	1,202	552
Asphalt	239	220	431
Mix C4	516	300	493
Other (1)	1,005	1,595	1,337
Total production	**16,559**	**14,984**	**16,191**

(1) Includes sulfur and reformate and products sold pursuant to our cracker feed exchange.

Total Sale Revenue

Table 4: Refinery sale revenue only — US$ Million

Petroleum products (1)	Q1/24	Q4/23	Q1/23
Polymer Grade Propylene	24	13	25
Liquefied Petroleum Gas	33	28	37
Light Naphtha	90	78	55
Gasoline	525	440	519
Jet Fuel	178	173	172
Diesel	792	664	706
Fuel Oil	51	93	32
Asphalt	15	13	35
Mix C4	56	27	47
Crude	-	141	-
Others (2)	74	123	108
Total Revenue	**1,837**	**1,793**	**1,736**

(1) Includes Government LPG and oil subsidies.
(2) Includes sulfur, reformate and products sold pursuant to our cracker feed exchange.

Revenue

Refinery Sales revenue in Q1/24 slightly increased 2% from Q4/23 mainly from higher utilization rate than prior quarter which led to increase in refinery revenue. In addition, Thailand has officially implemented the Euro V standard, resulted SPRC enhanced higher sale price related to higher specification of Euro V compared to Euro IV. Refinery sale volume in Q1/24 was 16.5 million barrels compared to 15.0 million barrels in Q4/23 particularly in diesel volume due to SPRC had a maintenance on the Residual Fluidized Catalytic Cracking Unit (RFCCU) during October to early of November last year which impacted to lower utilization rate compared to Q1/24.

Comparing Q1/24 with Q1/23, total company sales revenue was slightly higher than the previous year quarter mainly from higher sale volume due to higher utilization rate.

Cost of Sales

Total company cost of sales in Q1/24 compared to Q1/23, the cost of sales in Q1/24 slightly decreased by 1%. The decrease included a reversal loss (net) from inventory write-down to net realizable value in Q1/24 compared to Q1/23.

Gain / (loss) on Foreign Exchange and Financial Derivatives

Comparing Q1/24 with Q1/23, SPRC had a net foreign exchange gain of US$6 million (including derivatives) in Q1/24 compared to the sightly exchange gain in Q1/23, owing to Thai Baht's depreciation against the USD at the end of this quarter. The exchange gain in Q1/24 was a result of an increase in liabilities denominated in Thai Baht due to Thai Baht borrowings and Baht payables, but partly offset with Baht denominated receivable.

Administrative Expenses

Comparing Q1/24 with Q1/23, administrative expenses decreased to US$19 million in Q1/24 from US$29 million in Q1/23 mainly driven from lower service charge and provision of oil spill incident expense in Q1/23.

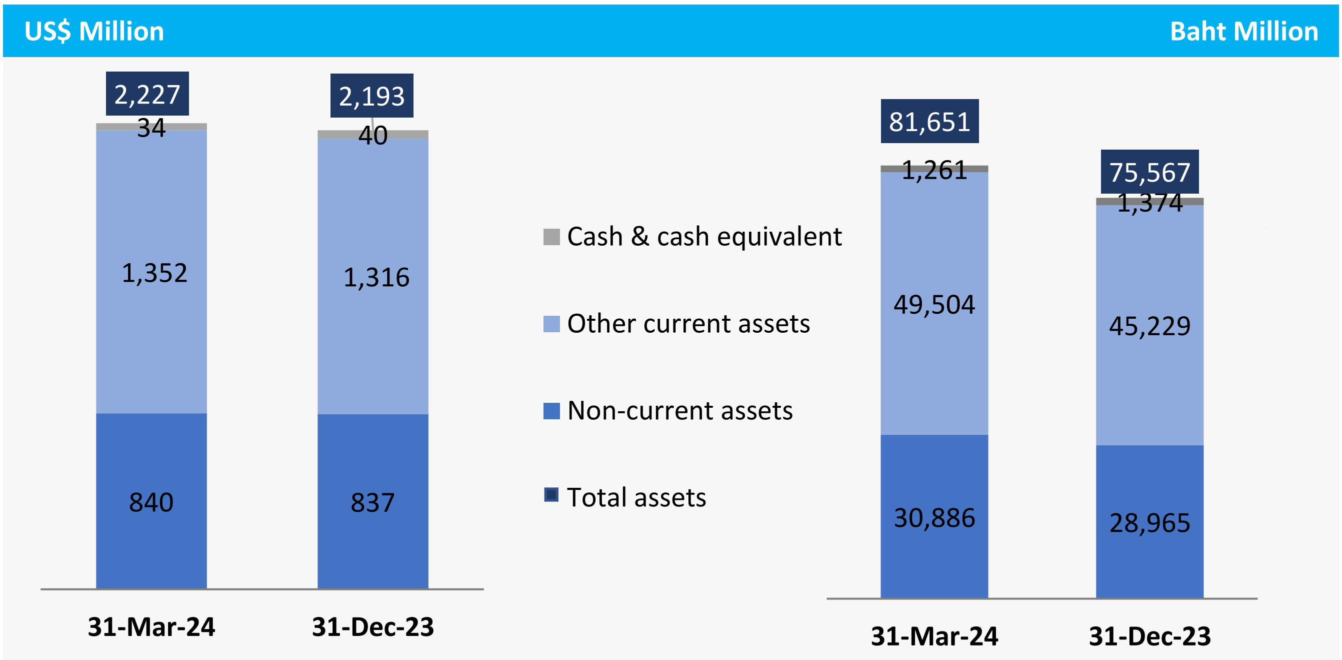
Income tax

Operating profit in Q1/24 resulted in income tax in this period of US$27 million.

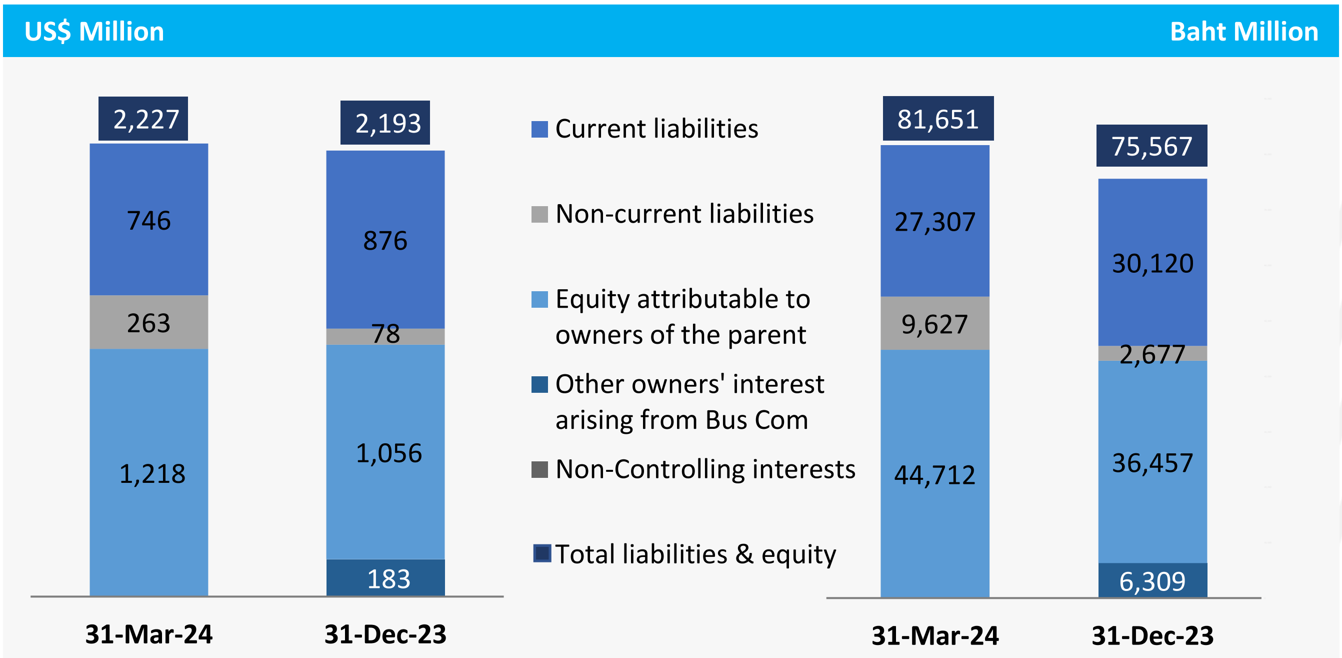
Analysis of Financial Position

Graph 1: Condensed Consolidated Statements of Financial Position

Asset Breakdown



Liabilities & Equity



Assets

Total consolidated assets as of 31 March 24 increased by US$34 million (Baht 6,084 million) from 31 December 23. The increment was mainly from:

a) an increase in inventory of US$81 million (Baht 4,681 million) from higher inventory volume at the end of March 24; and
b) an increase in investment in associate US$46 million (Baht 1,697 million) related to SPRC acquisition for the share capital of Thappline at the beginning of the year; but partly offset by

c) a decrease in trade and other receivables of US$49 million (Baht 581 million) due to higher sale volume in December 23 as strong domestic demand at the end of the year despite lower average selling price compared to March 24; but partly offset by

d) a decrease in deferred tax asset US$16 million (Baht 541 million) from no deferred tax asset of operation loss at 31 March 24 compared to 31 December 23.

On the contrary, a decrease in property, plant and equipment US$23 million (but increase Baht 735 million from currency translation) due to depreciation expenses in Q1/24.

Liabilities

Total consolidated liabilities as of 31 March 24 increased by US$55 million (Baht 4,138 million) from 31 December 23. The increment was mainly from:

a) an increase in trade and other account payables of US$123 million (Baht 5,525 million) mainly from both of crude purchases volume and purchasing price increased comparing to December 2023; and

b) an increase in corporate tax payable of US$7 million (Bath 260 million) resulted from higher profit in Q1/24; but partly offset by

c) Net balance in S-T and L-T borrowing were decreased US$51 million (Baht 1,069 million) due to timing of crude payment and working capital movement, and good margin. In Q1/24 SPRC has entered into new L-T borrowing to support the acquisition of fuel business and also as partial replacement of S-T borrowing; and

d) A decrease in excise tax payables of US$19 million (Baht 609 million) from lower sale volume in March 24 compared to December 23.

Shareholders' Equity

Consolidated shareholders' equity as of 31 March 24 decreased by US$21 million (but increase Baht 1,946 million from currency translation) from 31 December 23 mainly driven by other owners' interest arising from business combination under common control at the end of the year 2023 of US$183 million (Baht 6,309 million), but partly offset with the net profit in Q1/24 of US$110 million (Baht 3,943 million). Shareholders' equity in Baht also included the impact from exchange rate translation. Additionally, the company also recognized surplus from business combination under common control US$54 million (Baht 1,679 million).

Statement of Cash Flow

Table 5: Condensed Consolidated Statement of Cash Flows

Q1/2024	US$ Million	Baht Million
Net cash generated from operating activities	212	7,622
Net cash (used in) investing activities	(176)	(6,206)
Net cash generated from (used in) financing activities	(39)	(1,484)
Net increase (decrease) in cash and cash equivalents	**(3)**	**(68)**
Cash and cash equivalents at the beginning of the period	**40**	**1,374**
Adjustments from foreign exchange translation	(3)	(44)
Cash and cash equivalents at the end of the period	**34**	**1,261**

SPRC cash and cash equivalents were US$34 million at the end of March 2024, compared with US$40 million at the end of December 2023.

Details of cash flow activities in Q1/2024 are as follow:

a) Net cash generated from operating activities was US$212 million (Baht 7,622 million) was primarily due to:
   a. 2024 net profit before tax of US$137 million from strong refining margin in Q1/24 with high refinery throughput and good sale volume from marketing business.
   b. Cash generated from operating liabilities was US$106 million (Baht 3,795 million) mainly from an increase in trade and other payables US$124 million (Baht 4,439 million), but partly offset by decreased on other current and non current liabilities US$17 million (Baht 626 million)
   c. Cash generated from operating assets was US$2 million (Baht 75 million). A decrease in trade and other receivables of US$38 million (Baht 1,356 million) from lower sale volume in March 24 compared to December 23, but partly offset by an increase in inventory (exclude reversal of inventory net realizable value) US$30 million (Baht 1,066 million) from higher inventory volume and average inventory cost, and an increase in other current and non-current assets of US$6 million (Baht 215 million).

b) Net cash used in investing activities was US$176 million (Baht 6,206 million), mainly from
   a. Cash used for consideration paid on business combination under common control which mean to the new acquisition of Fuel business Investment including Star Fuels Marketing Company Limited ("SFL"), and a subsidiary of SPRC purchased the land being operated in the petroleum product distribution. Total amount paid was US Dollar 125 million (Baht 4,482 million).
   b. Cash used in investment of associate which referred to acquiring the share capital of Thappline shares at US$45 million (Baht 1,541 million).

c) Net cash used from financing activities was US$39 million (Baht 1,484 million) from decreased in short-term borrowing of US$240 million (Baht 8,400 million) as a resulted of good margin support working capital, and partly replacing by drawdown new Long term borrowing of US$203 million (Baht 7,000 million) to support the Fuel business acquisition.

Financial Ratios

Table 6: Financial Ratios (Consolidated)

		Q1/24	Q1/23
Gross Profit Margin	(%)	6.7	3.9
Net Profit Margin	(%)	5.6	1.9
Interest Coverage ratio	(Time)	40.8	8.9

Note:

Gross Profit Margin	= Gross Profit (Loss) / Sales Revenue	(%)
Net Profit Margin	= Quarter (Net Profit (Loss) / Total Revenue)	(%)
Interest Coverage ratio (Accrual basis)	= Earnings before interest and taxes (EBIT) / interest expenses	(Time)

4. Market Outlook

Asian oil demand was growth by 430,000 b/d on the quarter in the Q1/24 as strong mainland China's oil demand in February during the Lunar New Year holidays and Red Sea diversions supported Singapore bunker demand in 1H of year. However, it will return into a seasonal lull in the Q2/24 with the total regional liquids demand is on track to contract by 652,000 b/d among most countries in Asia except mainland China. Consequently, FCCU margins are forecast to slightly firm as seasonal summer demand will support stronger gasoline and fuel oil cracks. Upside risk remain from further exports curtailment from Russia owing to the attacks on its oil infrastructure will remain elevate the middle distillates cracks despite easing heating oil demand. Meanwhile, Middle Eastern refineries returning from turnarounds and new refineries such as Al-Zour and Duqm will mitigate the supply shortfall from Russia to some extent.

Naphtha crack is expected to decline in Q2/24 as the crude price remains supported while demand shrinks with increased LPG cracking and the start of spring cracker turnaround season. Nevertheless, downside risk will likely be limited as arbitrage continues to be hindered by reduced Russian supply, Panama Canal congestion and even risk at the Red Sea. Moreover, Naphtha inventory in Asia is expected to increase in Q2/24 amid lower demand requirements and increased supply availability.

Gasoline crack is expected to gradually strengthen in Q2/24. As the summer driving season, spring travel demand will increase to support demand. additionally, the election in India and Eid al-Fitr holidays will help to add more consumption to the market. Moreover, as strong domestic demand in Chinese, easing exports are expected particularly in the long Labor Day weekend holiday. Other than, the gasoline export ban in Russia, fuel specification change in the US and higher maintenance activities will tighten the market, supporting the cracks.

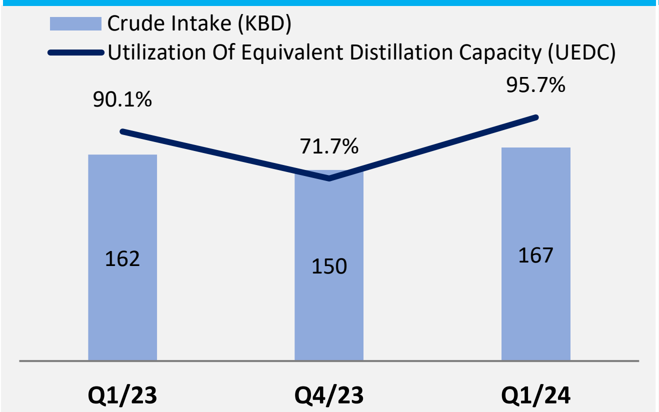
Jet/kerosene cracks are forecast to soften in Q2/24 as waned demand for winter heating oil due to warmer temperatures and the return of Several Middle East refineries will provide higher supply to Europe which weigh down on the jet/kerosene cracks. In inventory side, the regional inventory is projected to be higher, hovering close to a five-year average in Q2/24. However, Eid al-Fitr festive travels will support demand to some extent. Consequently, jet/kerosene production will be capped, limiting the decline in the cracks.

Gasoil crack spreads are expected to soften gradually in Q2/24 as easing heating oil demand amid the higher Middle Eastern supplies have pressure on the crack. However, the higher uncertainty resulting from the attack on Russian oil infrastructure that may eventually result in lower diesel exports over the next few months. This will mitigate the supply uncertainties by the resumption of offline Middle Eastern refineries from turnarounds but not expected to cover the loss of Russian exports. Within the region, the warmer temperature will support demand from the construction sector while planting season will increase consumption in the agricultural sector.

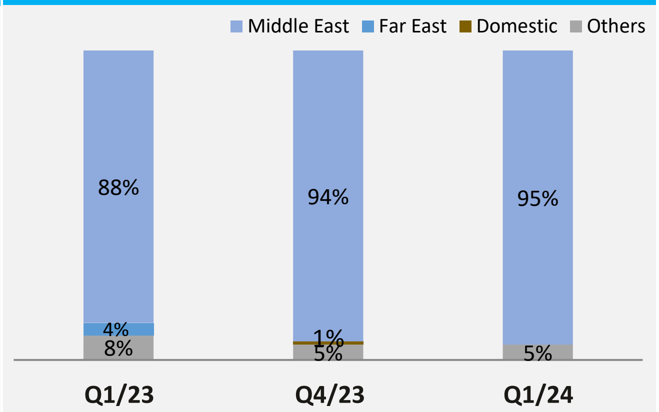
HSFO cracks spreads are expected to strengthen in Q2/24 as strong summer peak power generation demand which continues to stockpile in the Middle East. In addition, the potential supply disruption from Russia as attacks on its oil infrastructure, supporting the crack. Upside risk to cracks may come from escalation of the Red Sea crisis, resulting in longer voyages and higher speeds that will increase bunker demand.

5. Appendix

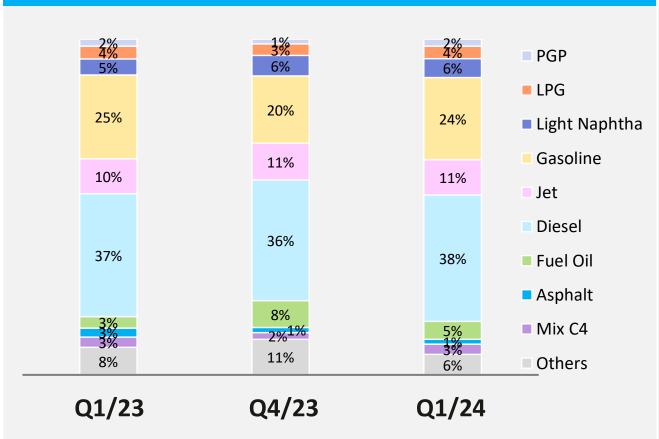
Crude intake



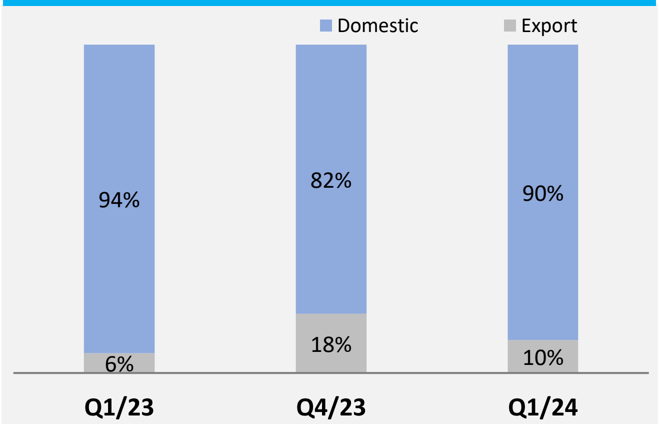
Crude Sources



Production Volumes



Domestic / Export Sales



Remarks: % of products sales only