

Ref. no. STPI.FAD.009/2021

1st March 2021

Subject: Clarification on Financial Statements for the Year 2020

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 2020, the Company would like to provide more explanation for the changes in financial performance as follows:

- For the year 2020, the Company reported revenue from operations at Baht 1,763 million which increased Baht 245 million or 16% from Baht 1,518 million of 2019; mainly from higher work backlog and revenue from fabrication work of Baht 446 million. However, the lower-than-full capacity utilization of the plants and delays in engineering drawing and main material supplies from clients as a result of the COVID-19 situation have caused delays in revenue recognition and additional cost recorded during the extended project period in which the Company has been in negotiation with clients for the said compensation. Revenue from Sales & Services business dropped Baht 243 million as a result of delays in capital expenditure spending of various clients amid the economic slowdown. Property Rental segment, nevertheless, contributed to Baht 42 million higher due to the full-year revenue recognition of office building and community mall space rental acquired since June 2019.
- During 2019, the Company received the arbitral award on the dispute with a counterparty in which the Company had received all unpaid invoice amount, including interest and cost compensation, and therefore recorded net revenue of Baht 2,623 million in the statement of comprehensive income of the said period. However, there was no such special transaction in the current period of 2020.
- In relation to the abovementioned case, in 2020 a local subcontractor has filed a dispute to the Thai Arbitration Institute demanding the Company to pay for interest and compensation from the delay payments of subcontract work and late return of the retention money and bank guarantee. In November 2020, the arbitral tribunal awarded that the Company pay Baht 89 million and the payment was completely settled.
- In 2020, the Company reported Gain on Exchange of Baht 62 million, while in 2019 there was a Baht 277 million Loss on Exchange due mainly from the realized loss from money received as per arbitral award for Baht 131 million and the remaining loss recorded under the mark-to-market concept of the financial reporting standards from its assets in US dollar currency.
- Regarding to a subsidiary, in 2019 there has been a pending arbitration dispute with the subcontractors for the design and construction of a waste-to-energy power plant in which management of the Company group have evaluated that there should be no significant damages and no loss provision has been recorded. However, in the fourth quarter of 2020 the Company has reconsidered the impairment of the

Rights to produce and sell electricity from municipal solid waste and value of the construction in progress and concluded to record allowance for impairment loss on rights to produce and sell electricity from municipal waste of Baht 500 million (details in Notes no.20) and reverse deferred tax liabilities for Baht 100 million, resulting in the net loss provision of Baht 400 million.

- During 2020, another subsidiary has sold a petty patent related to its operation in community automated gas stations to buyer which is a related party to another shareholder group, evaluated impairment of various assets, and recognized relevant expenses for a total of Baht 159 million (details in Notes no.32).
- From the above explanation, the Company reported a net loss attributable to equity holders of Baht 837 million for the fiscal year 2020 compared to the Net Profit of Baht 2,089 million of 2019.

Please kindly be informed.

Best regards,

(Ms. Supattra Yangtrong)

Finance & Accounting Department Manager