

GUNKUL 64/110

11<sup>th</sup> August 2021

Subject Clarification on changes in operation results in exceed of 20 percent compared with the same period last year

To Managing Directors and Directors  
The Stock Exchange of Thailand

Refer to The Regulation of the Stock Exchange of Thailand in regards with the preparation and submission of the Financial Statements and reports on financial condition and results of operations of the Company Act 2001

According to the regulation of the Stock Exchange of Thailand as above mentioned, Gunkul Engineering Public Company Limited (here in after called "GUNKUL" or "the Company"), would like to clarify the operating results and financial status of the Company and its subsidiaries according to the financial statements for the year ended 30<sup>th</sup> June 2021 as follows:

### Operating results for the year ended 30<sup>th</sup> June 2021 and 2020

Important financial information	Quarter 2		Change		6-month Period		Change	
	2021	2020	Million Baht	%	2021	2020	Million Baht	%
Revenue from sale	489.45	310.16	179.30	57.81%	758.20	690.19	68.00	9.85%
Revenue from sale of electricity and adder	1,159.40	995.78	163.62	16.43%	2,271.98	1,931.95	340.03	17.60%
Revenue from construction and rendering services	360.50	405.80	(45.30)	(11.16%)	814.89	666.43	148.47	22.28%
Revenue from sale of assets under finance lease	75.13	-	75.13	100.00%	285.15	-	285.15	100.00%
Net foreign exchange gain	129.64	42.12	87.52	207.79%	133.84	(38.31)	172.15	449.32%
Gain on change in fair value of derivatives	(120.83)	(80.83)	(40.00)	(49.49%)	133.74	(7.30)	141.03	1,933.27%
Gain on bargain purchase	-	-	-	-	-	106.88	(106.88)	(100.00%)
Other income	21.71	26.18	(4.47)	(17.07%)	40.32	42.49	(2.17)	(5.11%)
<b>Total revenue</b>	<b>2,115.00</b>	<b>1,699.20</b>	<b>415.80</b>	<b>24.47%</b>	<b>4,438.11</b>	<b>3,392.32</b>	<b>1,045.79</b>	<b>30.83%</b>
Cost of sales and services	1,236.64	1,011.17	225.46	22.30%	2,425.62	1,951.44	474.18	24.30%
Selling and administrative expenses	208.82	202.18	6.64	3.29%	419.77	413.99	5.78	1.40%
Loss on capital reduction of subsidiary	-	-	-	-	121.08	-	(121.08)	(100.00%)
<b>Total expenses</b>	<b>1,445.46</b>	<b>1,213.35</b>	<b>232.11</b>	<b>19.13%</b>	<b>2,966.47</b>	<b>2,365.43</b>	<b>601.04</b>	<b>25.41%</b>
Share of profits from investments in associates and joint ventures	105.13	61.45	43.68	71.09%	191.02	137.27	53.75	39.16%
Finance costs	239.90	256.81	(16.92)	(6.59%)	481.49	412.62	68.87	16.69%
Profit for the period	528.53	282.20	246.33	87.29%	1,142.19	721.90	420.29	58.22%
Profit attributable to owners of the parent	523.73	279.24	244.49	87.56%	523.73	279.24	244.49	87.56%
Basic earnings per share (baht per share)	0.06	0.03	0.03	100.00%	0.13	0.08	0.05	62.50%

▪ **Net Profit**

The Company's overall operating result for the year ended 30<sup>th</sup> June 2021 has a profit based on profit sharing (loss) attributable to the Company, showing **a net profit for the 3-month period was 613.66 million baht and for the 6-month period was 1,142.19 million baht**, compared to the same period of previous year, showed net profit for the 3-month period, amounting to 282.20 million baht, an increase of 246.33 million baht or 87.29%, **and for the 6-month period, showing the amount of 1,142.19 million baht, an increase of 420.29 million baht or an increase of 58.22%**. The details of the net profit generated for the year ended 30<sup>th</sup> June 2021, there are changes from the previous year with details as follows:

▪ **Revenue**

The Company has total revenue for the 3-month period ended 30<sup>th</sup> June 2021, shown in the consolidated financial statements, amounting to 2,235.83 million baht, an increase of 455.80 million baht or an increase of 25.61%, compared to the same period of the previous year showed total income of 1,780.03 million baht, and **total revenue for the 6-month period showing a total of 4,438.11 million baht, an increase of 1,000.18 million baht or 29.09%**, compared to the same period of the previous year, showed total revenue of 3,437.93 million baht, which can be summarized by segment as follows;

**1. Sales Section**

Revenue from sales is shown in the consolidated financial statements for the 3-month period ended 30<sup>th</sup> June 2021, showing the amount of 489.45 million baht, compared to the same period of previous year, showed an amount of 310.16 million baht, an increase of 179.30 million baht, representing an increase of 57.81%. This was due to an increase in sales of equipment and solar panels to private contractors in the second quarter.

**2. Power Generation and Distribution Section**

Revenue from sale of electricity and adder in the purchase price of electricity are shown in the consolidated financial statements for the 3-month period ended 30<sup>th</sup> June 2021, amounting to 1,159.40 million baht, compared to the same period of previous year, showed 995.78 million baht, an increase of 163.62 million baht, representing an increase of 16.43%, and **for the 6-month period showing the amount of 2,271.98 million baht, compared to the same period of the previous year, showed the amount of 1,931.95 million baht, an increase of 340.03 million baht or an increase of 17.60%** with the details as follows:

Table showing income by type of electricity from energy

Item	Quarter 2		Change		6-month Period		Change	
	2021	2020	Million Baht	%	2021	2020	Million Baht	%
Revenue from sales of solar power	692.70	594.54	98.16	16.51%	1,278.37	1,072.84	205.54	19.16%
- Domestic	222.38	229.60	(7.22)	(3.14%)	460.44	496.68	(36.24)	(7.30%)
- Abroad	470.32	364.94	105.38	28.88%	817.93	576.16	241.78	41.96%
Revenue from sales of wind power	466.70	401.24	65.46	16.31%	993.61	859.11	134.50	15.66%

**2.1 Revenue from sales of solar power**

Revenue for the 3-month period ended 30<sup>th</sup> June 2021, showing the amount of 692.70 million baht, compared to the same period of previous year, showed 594.54 million baht, an increase of 98.16 million baht, representing an increase of 16.51%, and **for the 6-month period, showing the amount of 1,278.37 million baht, compared to the same period of previous year, showed**

**1,072.84 million baht, an increase of 205.54 million baht or an increase of 19.16%.** The increase was due to commercial electricity sales from solar power plants in Vietnam which received full quarterly revenue of 4 projects, namely the 30 MW Tri Viet 1 Solar Power Plant, the 30 MW Bach Khoa A Chau Solar Power Plant, the 50 MW Tan Chau Solar Power Plant and the 50 MW Phong Dien II Solar Power Plant, totaling 160 MW.

## 2.2 Revenue from sales of wind power

Revenue for the 3-month period ended 30<sup>th</sup> June 2021, showing the amount of 466.70 million baht, compared to the same period of previous year, showed 401.24 million baht, an increase of 65.46 million baht, representing an increase of 16.31%, and for the 6-month period, showing the amount of 993.61 million baht, compared to the same period of the previous year showing 859.11 million baht, an increase of 134.50 million baht or 15.66% increase. The increase in revenue was due to the return to normal performance in 2021 of the 170 MW wind power plant project.

## 3. Construction and Services section

Revenue for the 3-month period ended 30<sup>th</sup> June 2021, amounting to 360.5 million baht, compared to the same period of previous year shown at 405.80 million baht, a decrease of 45.30 million baht, representing a decrease of 11.16%, and for the 6-month period, showing the amount of 814.89 million baht, compared to the same period of previous year, showed the amount of 666.43 million baht, an increase of 148.47 million baht or an increase of 22.28%. This was due to the recognition of revenue from entering into construction contracts with government agencies and the private sector by participating in construction bidding through a subsidiary in the group (Future Electrical Control Company Limited), both the construction of the power station, the electrical system, the construction of the above-ground and underground transmission lines. However, due to the COVID-19 situation, the delivery of work and revenue recognition is delayed by 1-2 months, which is expected to recognize normal income by the end of 2021.

## 4. Revenue from Sales of Assets under Finance Lease Agreements

Revenue for the 3-month period ended 30<sup>th</sup> June 2021, amounting to 75.13 million baht and for the 6-month period amounting to 285.15 million baht. This is due to revenue from land and building lease contracts for projects contracted with the private sector and revenue from sales of electricity on the roof to the private sector, which is a long-term contract of 10-15 years.

### ▪ Other Income

#### 1. Net foreign exchange gain

Gain on foreign exchange for the 3-month period ended 30<sup>th</sup> June 2021 showing a profit of 129.64 million baht, compared to the same period of the previous year showed a profit of 42.12 million baht, an increase of 87.52 million baht, representing an increase of 207.79%, and for the 6-month period showing a profit of 133.84 million baht, compared to the same period of the previous year, showing a loss of 38.31 million baht, an increase of 172.15 million baht or a 449.32% increase in profit. This is a result of hedging the foreign exchange risk of liabilities payable in foreign currency.

## 2. Gain (Loss) from change in fair value of derivatives

Gain (loss) from change in fair value of derivatives for the 3-month period ended 30<sup>th</sup> June 2021, showing a loss of 120.83 million baht, compared with the same period of previous year, the loss was 80.83 million baht, the loss increased by 40.00 million baht, representing a loss of 49.49%, but **for the 6-month period, it showing a profit of 133.74 million baht**, compared to the same period of the previous year, which showed a loss of 7.30 million baht, resulting in an increase in profit of 141.03 million baht or an increase of 1,933.27%. This is due to US dollar swap contracts from past wind projects and interest rate swap contracts from solar and wind power projects, which began to be recorded in accordance with TFRS 9: Financial instruments which was effective since 1<sup>st</sup> January 2020.

### ▪ Cost of Sales and Services

For the 3-month period ended 30<sup>th</sup> June 2021, the amount was 1,236.64 million baht, compared to the same period of the previous year, showed the amount of 1,011.17 million baht, an increase of 225.46 million baht, representing an increase of 22.30%, and **for the 6-month period, it was shown at 2,425.62 million baht, compared to the same period of the previous year showed 1,951.44 million baht, an increase of 474.18 million baht or an increase of 24.30%**, which can be summarized by segment as follows:

Important financial information	Quarter 2		Change		6-month Period		Change	
	2021	2020	Million Baht	%	2021	2020	Million Baht	%
Cost of sale	411.13	208.04	203.10	97.63%	622.38	494.21	128.17	25.93%
Cost of sale of electricity	473.23	437.96	35.27	8.05%	917.70	865.62	52.08	6.02%
Cost of construction and rendering of services	281.55	365.18	(83.63)	(22.90%)	665.10	591.61	73.49	12.42%
Cost of sales of assets under finance lease	70.73	-	70.73	100.00%	220.43	-	220.43	100.00%

1. Cost of sale for the 3-month period and the 6-month period ended 30<sup>th</sup> June 2021 increased by 203.10 million baht or 97.63% and an increase of 128.17 million baht or 25.93%, respectively when compared to the same period of the previous year, this was in line with higher sales; as well as, due to higher steel and copper prices.
2. Cost of construction and services for the 3-month period and the 6-month period ended 30<sup>th</sup> June 2021 decreased by 83.63 million baht or 22.90% and an increase of 73.49 million baht or 12.42%, respectively, compared to the same period of the previous year, the decrease and/or increase corresponds to the decrease and/or increase in the revenue of the construction project, which recognizes the revenue from construction contracts and rendering services according to the construction period, respectively.
3. Cost of sales of assets under finance lease for the 3-month period and the 6-month period ended 30<sup>th</sup> June 2021, equal to 70.73 million baht and 220.43 million baht, respectively. This is because the Group has complied with TFRS 16 on Lease Agreements relating to the recognition of assets, rights of use and liabilities under lease agreements. As a result, the accounting for the nature of the costs associated with the lease has changed.

### ▪ Finance costs

Finance costs are shown in the consolidated financial statements for the 3-month period ended 30<sup>th</sup> June 2021, showing the amount of 239.90 million baht, compared to the same period of the previous year of 256.81 million baht, a decrease of 16.92 million baht, representing a decrease of 6.59%, and **for**

**the 6-month period, showing the amount of 481.49 million baht, compared to the same period of the previous year of 412.62 million baht, an increase of 68.87 million baht or an increase of 16.69%.**

This is due to in the second quarter of 2021, the Company has issued a new set of debentures to replace the existing debentures amounting to Baht 1,800.00 million, which has a lower amount and interest rate than the previous debentures. In addition, the Company has negotiated to cut interest rates for solar and wind power projects. However, in the first quarter, the Company entered into more loan agreements from the investment in a solar power plant project in Vietnam with a total size of 60 MW, and has expenses in entering into the transaction of 2 solar power plant projects, totaling 100 MW.

▪ **Share of profits from investments in associates and joint ventures**

Share of profits from investments in associates and joint ventures for the 3-month period ended 30<sup>th</sup> June 2021, the amount was 105.13 million baht, compared to the same period of the previous year showed the amount of 61.45 million baht, an increase of 43.68 million baht, representing an increase of 71.09%, and **for the 6-month period, it shows the amount of 191.02 million baht, compared to the same period of the previous year showed the amount of 137.27 million baht, an increase of 53.75 million baht or an increase of 39.16%.** Due to the 29.99 MW solar power plant project in Malaysia, which the Company holds 70% of the shares, recognized the penalty income from the delivery of the power plant from the contractor later than specified in the contract. In addition, there are 2 solar power plant projects, namely the 26 MW G-Power Source Project, which the Company holds 40% of the shares, and the 30.9 MW Gunkul Chubu Powergen Company Limited Project, which the Company holds 51% of the shares have increased commercial electricity sales from the replacement of solar panels.

**Financial position as at 30<sup>th</sup> June 2021 and 31<sup>st</sup> December 2020**

(Million Baht)	2021	2020	Change	
	Million Baht	Million Baht	Million Baht	%
Current assets	8,862.79	11,782.49	(2,919.70)	(24.78%)
Non-Current assets	34,476.63	34,249.67	226.96	0.66%
<b>Total assets</b>	<b>43,339.42</b>	<b>46,032.16</b>	<b>(2,692.74)</b>	<b>(5.85%)</b>
Total current liabilities	9,111.71	12,982.57	(3,870.86)	(29.82%)
Total non-current liabilities	21,605.51	20,574.27	1,031.24	5.01%
Total liabilities	30,717.22	33,556.84	(2,839.62)	(8.46%)
Shareholders' equity	12,622.20	12,475.31	146.89	1.18%

▪ **Total assets**

The Company and its subsidiaries' total assets as of 30<sup>th</sup> June 2021 presented at the amount of 43,339.42 million baht, compared to total assets as of 31<sup>st</sup> December 2020, it showed 46,032.16 million baht, a decrease of 2,692.74 million baht or a decrease of 5.85%, due to the following changes:

Current assets as of 30<sup>th</sup> June 2021, amounting to 8,862.79 million baht, compared to current assets as of 31<sup>st</sup> December 2020, amounting to 11,782.49 million baht, a decrease of 2,919.70 million baht, or a decrease of 24.78%, a significant decrease from cash and cash equivalents from the repayment of short-term loans.

▪ **Total liabilities**

The Company and its subsidiaries' total liabilities as of 30<sup>th</sup> June 2021, amounting to 30,717.22 million baht, compared to total liabilities as of 31<sup>st</sup> December 2020, showed a total of 33,556.84 million baht, a decrease of 2,839.62 million baht or a decrease of 8.46% due to the following changes:

Current liabilities as of 30<sup>th</sup> June 2021, amounting to 9,111.71 million baht, compared to current liabilities as of 31<sup>st</sup> December 2020, amounting to 12,982.57 million baht, a decrease of 3,870.86 million baht or a 29.82% decrease. This decreases from the repayment of short-term loans and within the next 12 months as the repayment is due, with no listing of long-term debentures due within one year.

If considering the current ratio, the high of 1.46 times comes from the deduction of accounts payable, which is part of the construction of the power plant project. This will become a long-term loan agreement in the future, including a long-term loan due within 1 year, which is supported by a long-term loan agreement.

▪ **Shareholders' equity**

The Company and its subsidiaries' shareholders' equity as at 30<sup>th</sup> June 2021, amounting to 12,622.20 million baht, compared to shareholders' equity as of 31<sup>st</sup> December 2020, showed 12,475.31 million baht, an increase of 146.89 million baht, an increase of 1.18%. This was mainly an increase from the surplus of treasury stock from the sale of treasury shares in the amount of 121.79 million baht.

The Company's goal is to grow in renewable energy business, electrical equipment manufacturing and distribution businesses and comprehensive construction service businesses. The Company has maintained its growth target in 2021, not less than 15%, which is a continuous growth for more than 10 years of the Company (since listed in the Stock Exchange of Thailand).

Please be informed accordingly.

Sincerely yours,

(Mr. Somboon Aueatchasai, Ph.D.)  
Chief Executive Officer