

(“TRANSLATION”)

TG 089/64

November 9, 2021

Subject: Clarification of the Operating Result for the significant change
 Attention: The President
 The Stock Exchange of Thailand

Takuni Group Public Company Limited (“The Company”) and its subsidiaries (“The Group”) would like to clarify the change in operating result for the period ended 30 September 2021, which the performance has changed more than 20% from the last year as follows:

Statement of Comprehensive Income

Unit: Million Baht

	30 September 2021	30 September 2020	Increased (Decreased)	Percentage	Remark
Sales and Services Income	622.49	781.22	(158.73)	(20.32%)	
- LPG Trading	88.27	122.53	(34.26)	(27.96%)	1
- Transportation	3.31	4.77	(1.46)	(30.61%)	2
- Conversion Kit Installation	0.24	0.58	(0.34)	(58.62%)	
- Construction	510.83	624.65	(113.82)	(18.22%)	3
- Testing and Inspection	19.84	28.69	(8.85)	(30.85%)	4
Cost of sales and services	(540.31)	(710.43)	(170.12)	(23.95%)	
Gross Profit	82.18	70.79	11.39	16.09%	
Other income	6.94	3.96	2.98	75.25%	5
Profit before expenses	89.12	74.75	14.37	19.22%	
Distribution costs	(0.94)	(1.03)	(0.09)	(8.74%)	
Administrative expenses	(37.13)	(37.16)	(0.03)	(0.08%)	
Finance costs	(6.23)	(5.31)	0.92	17.33%	
Share of profit (loss) of associates	1.55	(0.36)	(1.91)	(530.56%)	6
Profit before income tax	46.37	30.89	15.48	50.11%	7
Income tax	(11.53)	(5.98)	5.55	92.81%	
Profit for the period	34.85	24.91	9.94	39.90%	
Profit attributable to:					
Owners of the parent	13.42	11.87	1.55	13.06%	
Non-controlling interests	21.43	13.04	8.39	64.34%	

1. LPG sales income decreased amounting to 34.26 Million Baht, accounting for 27.96%, because the average selling price decreased 0.46% from previous year, as well as volume sold decreased 27.60% from the same period of last year, not only decreased in LPG sold to transportation sector 38.44% as LPG usage in automotive decreased, but also decreased in LPG sold to industrial sector 11.72% as the effect of COVID-19 make decreased in LPG usage in production process which in line with the decreased in production plan.
2. Transportation service income slightly decreased 1.46 Million Baht, or 30.61% from the same period of prior year because the Group has been terminated Ammonia transportation service since January 2021. However, the Group has expended LPG transportation service to third party which resulted in revenue increase of 1.68 Million Baht.
3. Construction service income for the third quarter of 2021 sharply decreased 113.82 Million Baht, accounting for 18.22% from the same period of previous year as the LPG depot construction has been completed since the third quarter of 2020. For oil and gas construction service income from the subsidiary, the new project are mostly in the beginning state which has low progress delivered. Currently, the Group has backlog for construction service in oil and gas sector totaling of 4,484.49 Million Baht.
4. Testing and Inspection service income decreased 8.85 Million Baht, or 30.85%, compared to the third quarter of prior year since the outbreak of COVID-19 and the government lock down policy, such as work from home and curfew, cause the decreased in Testing and Inspection service income, especially in eastern region to be down 44.18% from the same period of last year.
5. Other income slightly increased 2.98 Million Baht or 75.25% from the same period of previous year because of the following;
 - Increased in interest income from Bank and Short-term investment as well as interest income from receivable from sales of land total of 1.05 Million Baht.
 - Increased in consultant fee and training service income as well as the adjustment of expired warranty cost for LPG depot construction, totaling of 2.68 Million Baht.
 - Decreased in office rental income, gain on selling of scrap and unused construction machine equipment and consumable amounting of 0.76 Million Baht.
6. Profit sharing of associates accounted for using equity method amounting of 1.55 Million Baht as follow;
 - Sales and installation of tools and machinery, hold 47.50% of paid-up capital, share of gain amounting of 1.61 Million Baht
 - Repair and maintenance of tools and machinery, hold 47.50% of paid-up capital, share of loss amounting of 0.06 Million Baht
7. Gross Profit Margin for the third quarter of 2021 was 13.20% sharply increased from 9.06% of last year Gross Profit Margin, because of the higher margin on the new awarded project for oil and gas construction service. The increase in gross profit margin together with the decreased in distribution costs and administrative expense made Net Profit Margin increased from 3.19% to be 5.60% for the third quarter of 2021.

Statement of Financial Position

Unit: Million Baht

	30 September 2021	31 December 2020	Increased (Decreased)	Percentage
Assets				
Current assets				
Cash and cash equivalents	181.31	472.61	(291.30)	(61.64%)
Trade and other receivables	414.63	265.18	149.45	56.36%
Contract assets	617.78	524.09	93.69	17.88%
Short-term loans to related parties	7.10	18.32	(11.22)	(61.24%)
Inventories	71.56	61.08	10.48	17.16%
Withholding tax receivable	0.00	0.00	-	100.00%
Other current assets	8.40	7.96	0.44	5.53%
Total current assets	1,300.78	1,349.24	(48.46)	(3.59%)
Non-current assets				
Pledged and restricted bank deposits	27.47	29.82	(2.35)	(7.88%)
Investments in subsidiaries	3.76	1.45	2.31	159.31%
Long-term loans to related parties	46.46	-	46.46	100.00%
Investment properties	3.94	4.29	(0.35)	(8.16%)
Property, plant and equipment	713.43	721.35	(7.92)	(1.10%)
Goodwill	19.38	19.38	-	0.00%
Intangible assets	15.10	15.95	(0.85)	(5.33%)
Receivable from sale of land	76.24	76.24	-	100.00%
Retention receivables	71.78	54.19	17.59	32.46%
Withholding tax deducted at source	82.75	151.19	(68.44)	(45.27%)
Deferred income tax assets	4.92	7.68	(2.76)	(35.94%)
Other non-current assets	8.56	7.42	1.14	15.36%
Total non-current assets	1,073.78	1,088.97	(15.19)	(1.39%)
Total assets	2,374.56	2,438.22	(63.65)	(2.61%)

: Million Baht

	30 September 2021	31 December 2020	Increased (Decreased)	Percentage
Liabilities and shareholders' equity				
Current liabilities				
Over draft and short-term bank borrowings	260.97	509.11	(248.14)	(48.74%)
Trade and other payables	300.93	277.02	23.91	8.63%
Contract Liabilities	243.30	141.44	101.86	72.02%
Short-term loans from related person	20.00	20.00	-	100.00%
Current portion of long-term bank borrowings	38.64	38.64	-	0.00%
Current portion of lease liabilities	28.62	24.48	4.14	16.91%
Current income tax payable	0.27	4.14	(3.87)	(93.48%)
Other current liabilities	38.02	34.80	3.22	9.25%
Total current liabilities	930.76	1,049.64	(118.88)	(11.33%)
Non-current liabilities				
Long-term bank borrowings	96.60	84.30	12.30	14.59%
Lease liabilities	30.80	36.22	(5.42)	(14.96%)
Deferred income	14.24	14.24	-	100.00%
Employee benefit obligations	11.93	14.55	(2.62)	(18.01%)
Other non-current liabilities	10.44	9.63	0.81	8.41%
Total non-current liabilities	164.01	158.93	5.08	3.20%
Total liabilities	1,094.77	1,208.57	(113.80)	(9.42%)
Shareholders' equity				
Issued and paid-up	400.00	400.00	-	0.00%
Premium on paid-up capital	305.53	305.53	-	0.00%
Share surplus from business combination under common control	20.64	20.64	-	0.00%
Retained earnings	83.06	84.85	(1.79)	(2.11%)
Other component of equity	81.85	81.85	-	0.00%
Total parent's equity	891.08	892.87	(1.79)	(0.20%)
Non-controlling interests	388.71	336.77	51.94	15.42%
Total shareholders' equity	1,279.79	1,229.64	50.15	4.08%
Total liabilities and shareholders' equity	2,374.56	2,438.22	(63.66)	(2.61%)

The Group's total asset as at 30 September 2021 was 2,374.56 Million Baht, decreased 63.66 Million Baht or 2.61%, from 31 December 2020 which was 2,438.22 Million Baht because of the following;

- Cash and cash equivalents decreased 291.30 Million Baht, as payment of interest and loan to financial institutes during the year totaling of 235.83 Million Baht, dividend payment to shareholder 34.04 Million Baht, loan to related parties 35.24 Million Baht, payment of Lease liabilities of 24.49 Million Baht and payment of Corporate Income Tax 45.67 Million Baht, however, the Group has received cash refund for prepaid withholding tax from the Revenue Department of 84.68 Million Baht.
- Property, plant and equipment decreased 7.92 Million Baht as depreciation expense as well as disposals during the period of 73.03 Million Baht. However, the Group has purchased of tools and equipment amounting of 65.10 Million Baht to support the business expansion, especially in oil and gas construction business.
- Withholding tax deducted at source decreased amounting of 68.44 Million Baht as the Group has received refund from the Revenue Department during 2021.
- Trade and other receivable increased 149.45 Million Baht from the last year, as Trade receivable increased 125.79 Million Baht due to billing to customer for construction service but not yet due on payment. Moreover, prepaid expense and advance to subcontract for oil and gas construction increased 12.83 Million Baht, as well as accrued interest from loan to related parties and receivable from sales of land increased 0.94 Million Baht. However, The Group has recorded bad debt expense 7.74 Million Baht and reversed allowance for doubtful accounts of 9.11 Million Baht during the period.
- Contract assets from Construction service increased 93.69 Million Baht due to revenue recognition but not yet billed to customer for construction service during the period (Unbilled receivables).
- Inventory increased 10.48 Million Baht mainly come from inspection service in progress increased 5.50 Million Baht for the last year and the purchase of raw material and supplies for construction project during the period.
- Retention receivable increased 17.59 Million Baht as retention deducted from construction service receivable during the period.

The Group's total liabilities as at 30 September 2021 was 1,094.77 Million Baht decreased 113.80 Million Baht from 31 December 2020 which was 1,208.57 Million Baht because of the following;

- Short-term borrowings from financial institutions decreased 248.14 Million Baht due to the repayment during the period.
- Trade Payable increased 23.91 Million Bath due to the payable of goods and service as well as subcontract cost.

- Contract liabilities increased 8.75 Million Baht due to the increased in construction income received in advance and advances received from construction contracts during the year.
- Long-term borrowings from financial institutions increased 12.30 Million Baht for use in the business operation.

The Group's shareholders' equity attribute to the parent company as at 30 September 2021 was 891.08 Million Baht decreased 1.79 Million Baht from 31 December 2020 which was 892.87 Million Baht because dividend payment 30.00 Million Baht in May 2021 and total comprehensive income of 28.21 Million Baht for the period.

As at 30 September 2021, the Group's Current ratio was 1.40 times which mean the company's liquidity to payment on short-term liability was still high. While Debt to Equity ratio of the Group and Interest Bearing Debt to Equity ratio was 1.23 times and 0.53 times, slightly decreased from last year ratio of 1.35 and 0.80, consequently, which is low risk on financial leverage.

Please be informed accordingly,

Yours sincerely,

(Ms. Nita Treeweeranuwat)
Vice President