

GUNKUL 64/136

10th November 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 “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 30th September 2021 as follows:

Operating results for the year ended 30th September 2021 and 2020

Important financial information	Quarter 3		Change		9-month period		Change	
	2021	2020	million baht	%	2021	2020	million baht	%
Revenue from sale	334.78	373.33	(38.55)	(10.33%)	1,092.97	980.27	112.70	11.50%
Revenue from sale of electricity and adder	1,206.65	946.49	260.16	27.49%	3,478.63	2,878.44	600.19	20.85%
Revenue from construction and rendering services	296.87	460.88	(164.01)	(35.59%)	1,111.77	1,131.48	(19.71)	(1.74%)
Revenue from sale of assets under finance lease	641.63	777.21	(135.58)	(17.44%)	926.78	860.46	66.32	7.71%
Net foreign exchange gain	(25.22)	(23.25)	(1.97)	(8.47%)	108.61	(61.57)	170.18	276.41%
Gain on change in fair value of derivatives	179.14	21.33	157.81	739.85%	312.88	14.03	298.85	2,130.08%
Gain on bargain purchase	-	-	-	-	-	106.88	(106.88)	(100.00%)
Gain on disposal of investment in subsidiary	-	806.53	(806.53)	(100.00%)	-	806.53	(806.53)	(100.00%)
Other income	14.12	2.68	11.44	426.87%	54.44	40.99	13.45	32.81%
Total revenue	2,647.97	3,365.20	(717.23)	(21.31%)	7,086.08	6,757.52	328.56	4.86%
Cost of sales and services	1,534.25	1,868.81	(334.56)	(17.90%)	3,959.87	3,820.25	139.62	3.65%
Selling and administrative expenses	227.40	256.71	(29.31)	(11.42%)	647.17	670.71	(23.54)	(3.51%)
Loss on capital reduction of subsidiary	9.43	-	9.43	100.00%	130.50	-	130.50	(100.00%)
Total expenses	1,771.08	2,125.52	(354.44)	(16.68%)	4,737.55	4,490.96	246.59	5.49%
Share of profits from investments in associates and joint ventures	69.76	53.04	16.72	31.51%	260.78	190.31	70.47	37.03%
Finance costs	243.09	264.42	(21.33)	(8.07%)	724.58	677.04	47.54	7.02%
Profit for the period	597.68	1,008.51	(410.83)	(40.74%)	1,739.87	1,730.41	9.46	0.55%
Profit attributable to owners of the parent	589.17	1,001.25	(412.08)	(41.16%)	1,721.49	1,719.58	1.91	0.11%
Basic earnings per share (baht per share)	0.07	0.11	(0.04)	(36.36%)	0.20	0.20	-	-

▪ **Net Profit**

The Company's overall operating result for the year ended 30th September 2021 has a profit based on profit sharing (loss) attributable to the Company, showing **net profit for the 3-month period was 589.17 million baht and for the 9-month period was 1,721.49 million baht**, compared to the same period of the previous year showing net profit for the 3-month period amounting to 1,001.25 million baht, a decrease of 412.08 million baht or 41.16%, **and for the 9-month period showing an amount of 1,719.58 million baht, representing an increase of 1.91million baht or increase of 0.11%**. The details of the net profit generated for the year ended 30th September 2021, which has changed from the previous year are showed as follows:

▪ **Revenue**

The Company has total revenue for the 3-month period ended 30th September 2021 shown in the consolidated financial statements amounting to 2,673.20 million baht, a decrease of 715.26 million baht or a 21.11% decrease, compared to the same period of the previous year showing total revenue of 3,388.45 million baht and **total revenue for the 9-month period showing 6,977.47 million baht, an increase of 158.38 million baht or 2.32%**, compared to the same period of the previous year showing total revenue of 6,819.09 million baht, which can be summarized according to the following sections;

1. Power Generation and Distribution Section

Revenue from sale of electricity and adder in the purchase price of electricity showing in the consolidated financial statements for the 3-month period ended 30th September 2021, amounted to 1,206.65 million baht, compared to the same period of the previous year showing 946.49 million baht, **an increase of 260.16 million baht, representing an increase of 27.49% and for the 9-month period showing the amount of 3,478.63 million baht, compared to the same period of the previous year showing the amount of 2,878.44 million baht, an increase of 600.19 million baht or an increase of 20.85%**, details as follows:

Table showing income by type of electricity from energy

Item	Quarter 3		Change		9-month period		Change	
	2021	2020	million baht	%	2021	2020	million baht	%
Revenue from sales of solar power	612.65	510.05	102.60	20.11%	1,891.02	1,582.89	308.13	19.47%
- Domestic	200.82	212.53	(11.71)	(5.51%)	661.26	709.21	(47.95)	(6.76%)
- Abroad	411.82	297.52	114.30	38.42%	1,229.76	873.68	356.08	40.76%
Revenue from sales of wind power	594.00	436.44	157.56	36.10%	1,587.61	1,295.55	292.06	22.54%

1.1 Revenue from sales of solar power

Revenue for the 3-month period ended 30th September 2021 showing 612.65 million baht, compared to the same period of the previous year showing 510.05 million baht, **an increase of 102.60 million baht, representing an increase of 20.11% and for the 9-month period, it shows the amount of 1,891.02 million baht, compared to the same period of the previous year, showing the amount of 1,582.89 million baht, an increase of 308.13 million baht or an increase of 19.47%**. This was due to an increase in commercial electricity sales from abroad totaling 225.30 megawatts, with revenue from 31.8 MW Sendai Solar Power Plant in Japan, from 33.5 MW Kimitsu Solar Power Plant Japan, from solar power plants in Vietnam that received full quarterly revenue of 4 projects, namely Tri Viet 1 and Bach Khoa A Chau 1 solar power plants with a total size of 60 MW, 50 MW Tan Chau Solar Power Plant and 50 MW Phong Dien II Solar Power Plant.

1.2 Revenue from sales of wind power

Revenue for the 3-month period ended 30th September 2021 showing the amount of 594.00 million baht, compared to the same period of the previous year shown at 436.44 million baht, an increase of 157.56 million baht, representing an increase of 36.10% and for the 9-month period showing the amount of 1,587.61 million baht, compared to the same period of the previous year, showing the amount of 1,295.55 million baht, an increase of 292.06 million baht or an increase of 22.54%. The revenue increased due to due to the normal performance of the wind power plant project totaling 170 MW.

However, if comparing the operating results of wind power plants over the past 3 years, it can be seen that the revenues of wind power plants in 2021 have clearly improved compared to 2020, with details as follows;

Operating Period	Production Unit (GWh)	Total Revenue (Million Baht)
9 months, year 2020	208.18	1,295.55
9 months, year 2021	260.10	1,583.13

2. Construction and Services section

Revenue for the 3-month period ended 30th September 2021 showing 296.87 million baht, compared to the same period of the previous year shown at 460.88 million baht, a decrease of 164.01 million baht, representing a decrease of 35.59% and for the 9-month period showing the amount of 1,111.77 million baht, compared to the same period of the previous year showing 1,131.48 million baht, a decrease of 19.71 million baht or a decrease of 1.74%. The decline in revenue in the third quarter was due to the COVID-19 situation that caused the construction of some projects to be delayed. However, the Company expects to be able to recognize normal income in the fourth quarter from entering into construction contracts with government agencies and the private sector by participating in the bidding for construction through a subsidiary in the group (Future Electrical Control Company Limited), including the construction of the power station, the electrical system, the construction of the overhead and underground transmission lines.

▪ Other expenses

1. Net foreign exchange gain

Net foreign exchange gain for the 3-month period ended 30th September 2021 showing a loss of 25.22 million baht, compared to the same period of the previous year showing a loss of 23.25 million baht, a decrease of 1.97 million baht or a decrease of 8.47% and for the 9-month period showing a profit of 108.61 million baht compared to the same period of the previous year showing a loss of 61.57 million baht, an increase of 170.18 million baht or 276.41%. This is an unrealized gain resulting from the conversion of foreign currencies at each end of the period, mainly due to the entering into a contract to convert long-term borrowings into US dollars for the Vietnam project; as well as, the management of the payment of foreign currency liabilities of the Group.

2. Gain on change in fair value of derivatives

Gain on change in fair value of derivatives for the 3-month period ended 30th September 2021, showing a profit of 179.14 million baht, compared to the same period of the previous year showing a profit of 21.33 million baht, an increase of 157.81 million baht, representing an increase of 739.85% and for the 9-month period, it shows a profit of 312.88 million baht

compared to the same period of the previous year showing profit of 14.03 million baht, an increase of 298.85 million baht or 2,130.08%, caused by a US dollar swap contracts from the past wind power projects and interest rate swap contracts from solar and wind power projects, which were recorded in accordance with TFRS 9: Financial instruments which was effective since 1st January 2020.

▪ **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 30th September 2021, the amount was 69.76 million baht, compared to the same period of the previous year showing 53.04 million baht, an increase of 16.72 million baht, representing an increase of 31.51% and **for the 9-month period, it shows the amount of 260.78 million baht, compared to the same period of the previous year, showing the amount of 190.31 million baht, an increase of 70.47 million baht or an increase of 37.03%**. Due to a 29.99 MW solar power plant project in Malaysia, which the Company holds 70% of shares, received a penalty income from the delivery of power plants from the contractor later than specified in the contract. In addition, there are 2 solar power plant projects have increased commercial electricity sales due to equipment improvements within the project, namely G-Power Source Company Limited with a size of 26 MW, which the Company holds 40% of shares and Gunkul Chubu Powergen Company Limited with a size of 30.9 MW, which the Company holds 51% of shares.

Financial position as at 30th September 2021 and 2020

(Million Baht)	2021	2020	Change	
	Million Baht	Million Baht	Million Baht	%
Current assets	7,331.91	11,782.49	(4,450.58)	(37.77%)
Non-Current assets	35,190.33	34,249.67	940.66	2.75%
Total assets	42,522.24	46,032.16	(3,509.92)	(7.62%)
Total current liabilities	8,762.28	12,982.57	(4,220.30)	(32.51%)
Total non-current liabilities	20,743.93	20,574.27	169.66	0.82%
Total liabilities	29,506.21	33,556.84	(4,050.64)	(12.07%)
Shareholders' equity	13,016.04	12,475.31	540.72	4.33%

▪ **Total assets**

The Company and its subsidiaries have total assets as of 30th September 2021 representing 42,522.24 million baht, compared to total assets as of 31st December 2020 showing 46,032.16 million baht, a decrease of 3,509.92 million baht or a decrease of 7.62% due to from the following changes;

Current assets as of 30th September 2021, amounted to 7,331.91 million baht, compared to current assets as of 31st December 2020, amounted to 11,782.49 million baht, a decrease of 4,450.58 million baht or 37.77% decrease. There was a significant decrease in cash and cash equivalents from short-term loan payments from financial institutions. Including the reduction of trade accounts receivable and other current receivables and unbilled income.

Non-current assets as 30th September 2021, amounted to 35,190.33 million baht, compared to non-current assets as of 31st December 2020, amounted to 34,249.67 million baht, an increase of 940.66 million baht or 2.75% increase.

▪ **Total liabilities**

The Company and its subsidiaries' total liabilities as of 30th September 2021, amounted to 29,506.21 million baht, compared to total liabilities as of 31st December 2020, amounted to 33,556.84 million baht, a decrease of 4,050.64 million baht or a 12.07% decrease due to from the following changes;

Current liabilities as of 30th September 2021, amounted to 8,762.28 million baht, compared to current liabilities as of 31st December 2020, amounted to 12,982.57 million baht, a decrease of 4,220.30 million baht or a 32.51% decrease. This was due to short-term loan payments from financial institutions and creditors for assets of the Vietnam project.

If considering the working capital ratio by subtracting the accounts payable portion of the assets which is part of the construction of the power plant project, this will become a long-term loan agreement in the future, including the long-term loan that will be due within 1 year and the part of the debenture that will be due within 1 year, which has the long-term loan agreement to support, including the portion of the debentures that the Company plans to sell the new debentures to replace the existing debentures will cause the ratio to be at 1.76 times.

Non-current liabilities as of 30th September 2021 showing 20,743.93 million baht, compared to non-current liabilities as of 31st December 2020, showing 20,574.27 million baht, an increase of 169.66 million baht or 0.82% increase.

The Company's goal is to grow in both renewable energy business, energy-related business and technology, electrical equipment manufacturing and distribution businesses and comprehensive construction service businesses. In addition, the Company has also expanded its business into the cannabis - hemp business because the Company sees a good return both in the short and long term. Moreover, the Company has the readiness and advantages of investing in this project in many aspects. Therefore, 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)
Chief Executive Officer

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Office of Chief Executive Officer

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