

No. GUNKUL_LT-OUT_65-014

23rd February 2022

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 31st December 2021 as follows:

Operating results for the year ended 31st December 2021 and 2020

Important financial information	2021	2020	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from sale	1,474.97	1,495.88	(20.91)	(1.40%)
Revenue from sale of electricity and adder	4,760.50	4,093.36	667.14	16.30%
Revenue from construction and rendering services	2,112.60	2,146.63	(34.03)	(1.59%)
Revenue from sale of assets under finance lease	970.09	913.48	56.61	6.20%
Net foreign exchange loss	99.71	(13.87)	113.58	(819.07%)
Loss on change in fair value of derivatives	377.40	(13.22)	390.62	(2,954.87%)
Profit from a bargain purchase	-	259.27	(259.27)	(100.00%)
Profit from disposal of investment in subsidiary	-	1,977.60	(1,977.60)	(100.00%)
Other revenue	72.86	88.33	(15.47)	(17.51%)
Total revenue	9,868.13	10,974.54	(1,106.41)	(10.08%)
Cost of sales and services	5,573.50	5,608.30	(34.80)	(0.62%)
Selling and administrative expenses	972.08	955.28	16.80	1.76%
Loss on capital reduction of subsidiary	130.50	-	130.50	100.00%
Total expenses	6,676.08	6,563.58	112.51	1.71%
Share of profits from investments in associates and joint ventures	217.84	72.60	145.24	200.07%
Finance costs	970.53	911.77	58.76	6.44%
Profit for the period	2,251.52	3,425.29	(1,173.77)	(34.27%)
*Profit for the period (Excluding the portion arising from the disposal of investments in subsidiary and profit from a bargain purchase)	2,251.52	1,188.42	1,063.10	89.45%
Net profit of the parent company	2,229.27	3,412.34	(1,183.07)	(31.43%)
Basic earnings per share (baht per share)	0.25	0.39	(0.14)	(35.90%)

▪ **Net Profit**

The Company's overall operating result for the year ended 31st December 2021 has a profit based on profit sharing (loss) attributable to the company, showing **a net profit of 2,229.27 million baht**, compared to the same period of previous year at 3,412.34 million baht, a decrease of 1,183.07 million baht or 31.43%. However, if considering only the net profit excluding special gains from the disposal of investments in subsidiary and profit from a bargain purchase in 2020, the Company's net profit increased by 1,063.10 million baht or an increase of 89.45%. The net profit incurred for the year ended 31st December 2021 has changed from the previous year according to the details as follows:

▪ **Revenue**

The Company had total revenue shown in the consolidated financial statements amounting to 9,868.13 million baht, a decrease of 1,106.41 million baht or 10.08%, compared to the same period of previous year at 10,974.54 million baht which can be summarized according to the following sections;

1. Sales Section

Revenue from sales for the year ended 31st December 2021 in the consolidated financial statements presented at the amount of 1,474.97 million baht, compared to the same period of the previous year at 1,495.88 million baht, a decrease of 20.91 million baht, or 1.40%, decreasing from waiting for delivery in the first quarter of 2022.

2. Power Generation and Distribution Section

Revenue from sale of electricity and adder in the purchase price of electricity for the year ended 31st December 2021 in the consolidated financial statements presented at the amount of 4,760.50 million baht, compared to the same period of the previous year at 4,093.36 million baht, an increase of 667.14 million baht, or 16.30%.

Table showing income by type of electricity from energy

Item	2021	2020	Change	
	Million Baht	Million Baht	Million Baht	Million Baht
Revenue from sales of solar power	2,387.37	1,995.41	391.96	19.64%
- Domestic	847.20	888.87	(41.67)	(4.69%)
- Abroad	1,540.17	1,106.53	433.63	39.19%
Revenue from sales of 3 wind power projects, totaling 170 MW	2,373.13	2,097.95	275.18	13.12%

2.1 Revenue from sales of solar power

Revenue from sales of solar power for the year ended 31st December 2021 presented at the amount of 2,387.37 million baht, compared to the same period of the previous year at 1,995.41 million baht, an increase of 391.96 million baht, or 19.64%. The increase was due to an increase in commercial electricity sales from abroad totaling 224.50 MW as mentioned above, with revenue from 31.8 MW of the Sendai solar power plant in Japan, and a project in Vietnam, which began to recognize revenue immediately since the acquisition of 4 projects, namely Tri Viet 1 and Bach Khoa A Chau 1 solar power plants with a total size of 60 MW as of February 2020 and 50 MW of Tan Chau solar power plant as of November 2020, and 50 MW of Phong Dien II solar power plant as of December 2020.

2.2 Revenue from sales of wind power

Revenue from sales of wind power for the year ended 31st December 2021 presented at the amount of 2,373.13 million baht, compared to the same period of the previous year at 2,097.95 million baht, an increase of 275.18 million baht, or 13.12%. An increased capacity is due to wind has returned to normal in the past year.

3. Construction and Services section

Revenue from construction and services for the year ended 31st December 2021 in the consolidated financial statements presented at the amount of 2,112.60 million baht, compared to the same period of the previous year at 2,146.63 million baht, a decrease of 34.03 million baht, or 1.59%. This is due to the recognition of income arising from entering into construction contracts for government agencies and private sectors by bidding for construction works through a subsidiary in the group. (Future Electrical Control Company Limited: FEC)

4. Revenue from Sales of Assets under Finance Lease Agreements

Revenue from sales of assets under finance lease agreements from the adjustment of the accounting standard (TFRS 16) that became effective on 1st January 2021 for the year ended 31st December 2021 presented at the amount of 970.09 million baht, compared to the same period of the previous year at 913.48 million baht, an increase of 56.61 million baht, or 6.20%. This is derived from the revenue from the land and building lease agreement for the project contracted with the Lotus Project and a portion of the revenue from the sale of electricity on the roof to the private sector, which is a long-term contract of 10-15 years.

▪ Other Revenue

1. Profit from foreign exchange

Profit from foreign exchange for the year ended 31st December 2021 presented a profit of 99.71 million baht, compared to the same period of the previous year shown a loss of 13.87 million baht, an increase of 113.58 million baht or an increase of 819.07%, which is an unrealized gain. As a result of the foreign currency exchange at every end of the period, the main reason is the exchange of the long-term loan of the solar power project in Vietnam, which has entered into a loan agreement in foreign currency exchange rate.

2. Profit from change in fair value of derivatives

Profit from change in fair value of derivatives for the year ended 31st December 2021 presented at the amount of 377.40 million baht, compared to the same period of the previous year shown a loss of 13.22 million baht, an increase of 390.62 million baht, or an increase of 2,954.87%, due to a US dollar exchange contract from wind power projects in the past; and Interest rate swap contracts from solar and wind power projects, which began to be recorded in accordance with Accounting Standard No. 9 Financial Instruments, effective from 1st January 2020 onwards.

▪ Other Expenses

Loss from capital reduction of subsidiary shown in the consolidated financial statements for the year ended 31st December 2021 presented at the amount of 130.50 million baht because Gunkul International (Mauritius), a subsidiary of the Company approved to reduce registered capital as a result of the sale of Utsunomiya and Iwakuni solar power plants in Japan during 2020.

▪ **Share of Profits from Investments in Associates and Joint Ventures**

Share of profits from investments in associates and joint ventures for the year ended 31st December 2021 presented at the amount of 217.84 million baht, compared to the same period of the previous year at 72.60 million baht, an increase of 145.24 million baht, or 200.07%, due to the 29.99 MW solar power plant project in Malaysia, which the Company holds 70% of the shares, received a penalty for late delivery of the power plant from the contractor than specified in the contract.

Moreover, there was a recognition of impairment loss from the power plants of the Chubu PowerGen solar power plant group of 30.9 MW and the G-Power Source project of 26 MW, totaling 237 million baht and 139.10 million baht in 2020 and 2021, respectively. This is due to the increase in the purchase price of electricity, which was gradually expire from 2020 onwards.

▪ **Financial position as at 31st December 2021 and 2020**

(Million Baht)	2021	2020	Change	
	Million Baht	Million Baht	Million Baht	%
Current assets	7,566.82	11,782.49	(4,215.67)	(35.78%)
Non-Current assets	34,918.54	34,249.67	668.87	1.95%
Total assets	42,485.35	46,032.16	(3,546.81)	(7.71%)
Total current liabilities	9,053.60	12,982.57	(3,928.97)	(30.26%)
Total liabilities	29,202.13	33,556.84	(4,354.71)	(12.98%)
Shareholders' equity	13,283.22	12,475.31	807.91	6.48%

▪ **Current assets**

The Company and its subsidiaries' total assets as at 31st December 2021 presented at the amount of 42,485.35 million baht, decreased from the same period of last year, presented at the amount of 46,032.16 million baht, a decrease of 3,546.81 million baht, or 7.71%, which caused by the following changes:

Current assets as at 31st December 2021 presented at the amount of 7,566.82 million baht, decreased from the same period of last year, presented at the amount of 11,782.49 million baht, a decrease of 4,215.67 million baht, or 35.78%, with a significant increase in cash and cash equivalents from the payment of short-term loans from financial institutions, including the reduction of trade accounts receivable and other current receivables and unbilled income.

Non-Current assets as at 31st December 2021 presented at the amount of 34,918.54 million baht, increased from the same period of last year, presented at the amount of 34,249.67 million baht, an increase of 668.87 million baht, or 1.95%.

▪ **Total liabilities**

The Company and its subsidiaries' total liabilities as at 31st December 2021 presented at the amount of 29,202.13 million baht, decreased from the same period of last year, presented at the amount of 33,556.84 million baht, a decrease of 4,354.71 million baht, or 12.98%, which caused by the following changes:

Total current liabilities as at 31st December 2021 presented at the amount of 9,053.60 million baht, decreased from the same period of last year, presented at the amount of 12,982.57 million baht,

decreased by 3,928.97 million baht or 30.26%, decreased from cash management for payment of short-term loans from financial institutions and payment of accounts payable for assets.

If considering the working capital ratio by deducting the part of 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 1.65 times.

▪ **Shareholders' equity**

The Company and its subsidiaries' shareholders' equity as at 31st December 2021 presented at the amount of 13,283.22 million baht, increased from the same period of last year, presented at the amount of 12,475.31 million baht, an increase of 807.91 million baht, or 6.48%, due to the Company had a profit made in 2021 of 2,499.06 million baht and there was a dividend payment of 2,131.51 million baht in the year 2021, including a sale of treasury shares of 426.47 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 2022, not less than 20%, 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