

No. GUNKUL\_LT-OUT\_66-015

27<sup>th</sup> February 2023

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 31<sup>st</sup> December 2022 as follows:

**Operating results for the year ended 31<sup>st</sup> December 2022 and 2021**

Important financial information	2022	2021	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from sale	1,829.22	1,474.97	354.25	24.02%
Revenue from sale of electricity and adder	3,448.85	4,760.50	(1,311.65)	(27.55%)
Revenue from construction and rendering services	1,776.25	2,112.60	(336.35)	(15.92%)
Revenue from sale of assets under finance lease	451.37	970.09	(518.72)	(53.47%)
Profit from change in fair value of derivatives	618.03	377.40	240.63	63.76%
Profit from disposal of investment in subsidiary	1,330.72	-	1,330.72	100.00%
Other revenue	60.66	72.86	(12.20)	(16.74%)
<b>Total revenue</b>	<b>9,515.10</b>	<b>9,768.42</b>	<b>(253.32)</b>	<b>(2.59%)</b>
Cost of sales and services	4,726.44	5,573.50	(847.06)	(15.20%)
Selling and administrative expenses	1,026.88	972.08	54.80	5.64%
Net foreign exchange loss	92.69	(99.71)	192.40	192.96%
Loss on capital reduction of subsidiary	-	130.50	(130.50)	(100.00%)
<b>Total expenses</b>	<b>5,846.01</b>	<b>6,576.37</b>	<b>(730.36)</b>	<b>(11.11%)</b>
Share of profits from investments in associates and joint ventures	510.64	217.84	292.80	134.41%
Finance costs	864.62	970.53	(105.91)	(10.91%)
Tax expense (tax income)	300.74	187.84	112.90	60.11%
<b>Profit for the period</b>	<b>3,014.37</b>	<b>2,251.52</b>	<b>762.85</b>	<b>33.88%</b>
Net profit of the parent company	3,010.52	2,229.27	781.25	35.05%
Basic earnings per share (baht per share)	0.34	0.25	0.09	36.00%

▪ **Net Profit**

The Company's overall operating result for the year ended 31<sup>st</sup> December 2022 has a profit based on profit sharing (loss) attributable to the company, showing **a net profit of 3,010.52 million baht**, compared to the same period of previous year at 2,229.27 million baht, an increase of 781.25 million

baht or 35.05%. The net profit incurred for the year ended 31<sup>st</sup> December 2022 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 9,515.10 million baht, a decrease of 253.32 million baht or 2.59%, compared to the same period of previous year at 9,768.42 million baht which can be summarized according to the following sections;

**1. Sales Section**

Revenue from sales for the year ended 31<sup>st</sup> December 2022 in the consolidated financial statements presented at the amount of 1,829.22 million baht, compared to the same period of the previous year at 1,474.97 million baht, an increase of 354.25 million baht, or 24.02%. Since in 2022, the Company has more sales transactions of electrical equipment such as Gas Switch, Surge Arrester and other equipment with the Electricity Authority and the private sector.

**2. Power Generation and Distribution Section**

Revenue from sale of electricity and adder in the purchase price of electricity for the year ended 31<sup>st</sup> December 2022 in the consolidated financial statements presented at the amount of 3,448.85 million baht, compared to the same period of the previous year at 4,760.50 million baht, a decrease of 1,311.65 million baht, or 27.55%.

Table showing income by type of electricity from energy

Item	2022	2021	Change	
	Million Baht	Million Baht	Million Baht	Million Baht
Revenue from sales of solar power	2,338.82	2,390.41	(51.59)	(2.16%)
- Domestic	810.71	849.94	(39.23)	(4.62%)
- Abroad	1,528.11	1,540.47	(12.36)	(0.80%)
Revenue from sales of wind power	1,110.04	2,370.09	(1,260.05)	(53.16%)

Revenue from sales of wind power for the year ended 31<sup>st</sup> December 2022 presented at the amount of 1,110.04 million baht, compared to the same period of the previous year at 2,370.09 million baht, a decrease of 1,260.05 million baht, representing a decrease of 53.16% due to the decrease in the amount of electricity produced in 2022 due to the changing seasons during the first quarter to the third quarter. Also due to the change of interest in a subsidiary to become a joint venture of the wind power project on 27<sup>th</sup> July 2022, the Company has divided the shareholding proportion of 50% of the ordinary shares in the wind project group, and has changed the method of recognizing revenue from recognition in the consolidated financial statements to the method of recognizing the proportion in the transaction of profit sharing in the proportion of 50% to GUNKUL and the other 50% in the joint venture to the Gulf Renewable Energy Co., Ltd. for the income from wind projects from July 27, 2022 onwards.

**3. Revenue from Sales of Assets under Finance Lease Agreements**

Revenue from sales of assets under finance lease agreements for the year ended 31<sup>st</sup> December 2022 presented at the amount of 451.37 million baht, compared to the same period of the previous year at 970.09 million baht, a decrease of 518.72 million baht, or 53.47%. The revenue for the period ending 31<sup>st</sup> December 2021 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 from the adjustment of the accounting standard (IFRS 16).

#### **4. Profit from change in fair value of derivatives**

Profit from change in fair value of derivatives for the year ended 31<sup>st</sup> December 2022 presented a profit of 618.03 million baht, compared to the same period of the previous year shown a loss of 377.40 million baht, an increase of 240.63 million baht, representing an increase of 63.76%, which arises from the US dollar swap contracts from the past wind power projects and interest rate swap contracts from solar and wind power projects, which began recording in accordance with the Accounting Standard No. 9 on Financial Instruments, effective from 1<sup>st</sup> January 2020 onwards.

#### **5. Profit from the change in interest in a subsidiary to a joint venture**

Profit from the change in interest in a subsidiary to a joint venture for the year ended 31<sup>st</sup> December 2022 presented at the amount of 510.64 million baht, an increase of 100%, since on 11<sup>th</sup> July 2022, the Board of Directors passed a resolution approving Gulf Gunkul Corporation Co., Ltd., a subsidiary of the Group of Companies and holding 100% of shares in Wind Energy Development Co., Ltd., Greenovation Power Co., Ltd. and Korat Wind Energy Co., Ltd., to issue and offer ordinary shares with a total value of 5,000 million baht, representing 50% of the registered capital in such company to Gulf Renewable Energy Co., Ltd. The capital increase was completed on 27<sup>th</sup> July 2022, resulting in the said subsidiary changed its status to a joint venture. The Company reclassified its investment in Gulf Gunkul Corporation Co., Ltd. under the cost method in the amount of 1,117 million baht as a joint venture of the Company in the separate financial statements.

In addition, the Group has eliminated all assets, liabilities and goodwill of the subsidiary in the consolidated financial statements, and initially measured the investment in a joint venture at the fair value of its 50% interest in Gulf Gunkul Corporation Co., Ltd., also recorded profit from the change in interest in a subsidiary to a joint venture amounting to 1,330.72 million baht in the consolidated statement of comprehensive income for the year ended 31<sup>st</sup> December 2022

#### ▪ **Loss on foreign exchange**

Loss on foreign exchange for the year ended 31<sup>st</sup> December 2022 presented a loss of 92.69 million baht, compared to the same period of the previous year shown a loss of 99.71 million baht, an increase of 192.40 million baht or an increase of 192.96%. This is an unrealized profit resulting from foreign currency exchange at the end of the period. The main reason is the currency conversion according to the financial statements of the loan liabilities for solar power plant projects in Vietnam where the loan agreements are made in US dollars, which the value of the Vietnamese Dong depreciated against the US dollar.

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

Share of profits from investments in associates and joint ventures for the year ended 31<sup>st</sup> December 2022 presented at the amount of 510.64 million baht, compared to the same period of the previous year, the amount was 217.84 million baht, an increase of 292.80 million baht, representing an increase of 134.41%. The increase is due to the Company has changed the shareholding percentage of the group of subsidiaries in the 3 wind energy projects in the proportion of 50%, also changed the accounting method from the form of a subsidiary to a joint venture, resulting in a significant increase in profits from the subsidiaries in the 3 wind energy projects from 27<sup>th</sup> July 2022.

▪ **Financial position as at 31<sup>st</sup> December 2022 and 2021**

(Million Baht)	2022	2021	Change	
	Million Baht	Million Baht	Million Baht	%
Current assets	7,219.86	7,566.82	(346.96)	(4.59%)
Non-Current assets	25,111.60	34,918.54	(9,806.94)	(28.09%)
<b>Total assets</b>	<b>32,331.46</b>	<b>42,485.36</b>	<b>(10,153.90)</b>	<b>(23.90%)</b>
Current liabilities	4,804.03	9,053.60	(4,249.57)	(46.94%)
Non-current liabilities	13,387.69	20,148.54	(6,760.85)	(33.56%)
Total liabilities	18,191.72	29,202.14	(11,010.42)	(37.70%)
Shareholders' equity	14,139.74	13,283.22	856.52	6.45%

▪ **Current assets**

The Company and its subsidiaries' total assets as at 31<sup>st</sup> December 2022 presented at the amount of 32,331.46 million baht, decreased from the same period of last year, presented at the amount of 42,485.36 million baht, a decrease of 10,153.90 million baht, or 23.90%.

▪ **Total liabilities**

The Company and its subsidiaries' total liabilities as at 31<sup>st</sup> December 2022 presented at the amount of 18,191.72 million baht, decreased from the same period of last year, presented at the amount of 29,202.14 million baht, a decrease of 11,010.42 million baht, or 37.70%.

This decrease in assets and liabilities was due to the adjustment of investment proportion in the 3 wind power plants from the original form of investment in a subsidiary to a joint venture. As a result, the Company did not record the assets in the aforementioned business in the financial statements due to the adoption of an Equity-based accounting policy. Such adjustment, resulting in the Company's net interest-bearing debt to equity ratio decreased significantly from 1.78 times to 0.92 times, which can support growth and investment of more than 40,000 million baht within 3 years, and to support participation in applying for electricity distribution licenses in solar and wind power plants according to the country's power development plan of 5.5 gigawatts in size.

▪ **Shareholders' equity**

The Company and its subsidiaries' shareholders' equity as at 31<sup>st</sup> December 2022 presented at the amount of 14,139.74 million baht, increased from the same period of last year, presented at the amount of 13,283.22 million baht, an increase of 856.52 million baht, or 6.45%.

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 2023, 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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