

No. GUNKUL_LT-OUT_66-061

11th August 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 period ended 30th June 2023 as follows:

▪ **Operating results for the period ended 30th June 2023 and 2022**

Important financial information	2nd Quarter		Change		6-month period		Change	
	2023	2022	Million Baht	%	2023	2022	Million Baht	%
Revenue from sale	366.02	373.16	(7.14)	(1.91%)	812.65	640.52	172.13	26.87%
Revenue from sale of electricity and adder	647.24	1,248.13	(600.90)	(48.14%)	1,209.61	2,195.15	(985.54)	(44.90%)
Revenue from construction and rendering services	576.41	333.59	242.82	72.79%	1,094.45	769.66	324.79	42.20%
Revenue from sale of assets under finance lease	91.89	58.99	32.91	55.78%	425.52	403.12	22.40	5.56%
Profit (loss) on net foreign exchange	(10.46)	(47.64)	37.18	78.05%	0.48	(56.44)	56.92	100.86%
Profit on change in fair value of derivatives	80.67	350.29	(269.62)	(76.97%)	11.61	644.65	(633.04)	(98.20%)
Other revenue	51.33	14.13	37.20	263.27%	92.77	22.94	69.83	304.40%
Total revenue	1,803.10	2,330.65	(527.55)	(22.64%)	3,647.09	4,619.60	(972.51)	(21.05%)
Cost of sales and services	1,056.60	1,062.03	(5.43)	(0.51%)	2,356.19	2,386.81	(30.61)	(1.28%)
Selling and administrative expenses	275.97	226.09	49.88	22.06%	516.69	436.64	80.05	18.33%
Total expenses	1,332.58	1,288.12	44.45	3.45%	2,872.89	2,823.45	49.43	1.75%
Share of profits from investments in associates and joint ventures	190.14	44.05	146.08	331.60%	535.18	111.64	423.54	379.38%
Finance costs	174.83	250.12	(75.29)	(30.10%)	334.72	494.43	(159.71)	(32.30%)
Expenses (income) income tax	33.19	57.26	(24.07)	(42.04%)	67.52	129.15	(61.63)	(47.72%)
Profit for the period	452.65	779.20	(326.55)	(41.91%)	907.15	1,284.22	(377.08)	(29.36%)
Net profit of the parent company	459.71	778.33	(319.16)	(41.96%)	907.52	1,281.68	(374.16)	(29.19%)
Basic earnings per share (baht per share)	0.05	0.09	(0.04)	(44.44%)	0.10	0.14	(0.04)	(28.57%)
Profit from normal operations	382.44	476.55	(94.11)	(19.75%)	895.06	696.01	199.05	28.60%

▪ Net Profit

The Company's overall operating result for the period ended 30th June 2023 had a profit based on profit sharing (loss) attributable to the Company, showing **a net profit for the 3-month period equal to 451.71 million baht and for the 6-month period equal to 907.52 million baht**, compared to the same period of previous year, showing net profit for the 3-month period in the amount of 778.33 million baht, a decrease of 326.62 million baht or a decrease of 41.96% and for the 6-month period showing the amount of 1,281.68 million baht, a decrease of 374.16 million baht or a decrease of 29.19%. The net profit incurred for the period ended 30th June 2023 had changed from the previous year according to the details as follows:

▪ Revenue from 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 30th June 2023 in the amount of 647.24 million baht, compared to the same period of the previous year at 1,248.13 million baht, a decrease of 600.90 million baht, or a decrease of 48.14%, and for the 6-month period, it was shown in the amount of 1,209.61 million baht, compared to the same period of the previous year in the amount of 2,195.15 million baht, a decrease of 985.54 million baht or a decrease of 44.90%, with a detail as below;

Table showing income by type of electricity from energy

Item	2 nd Quarter		Change		6-month period		Change	
	2023	2022	Million Baht	%	2023	2022	Million Baht	%
Revenue from sales of solar power	647.24	661.96	(14.72)	(2.22%)	1,209.61	1,246.75	(37.14)	(3%)
- Domestic	218.02	223.92	(5.90)	(2.63%)	455.02	452.98	2.04	0%
- Abroad	429.22	438.04	(8.82)	(2.01%)	754.59	793.77	(39.18)	(5%)
Revenue from sales of wind power	0.00	586.17	(586.17)	(100.00%)	0.00	948.40	(948.40)	(100%)
Total	647.24	1,248.13	(600.89)	(48.14%)	1,209.61	2,195.15	(985.54)	(44.90%)

Due to the change of interest in a subsidiary to become a joint venture of the wind power project on 27th 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. As a result, the Company did not record revenue from wind power sales for the 3-month period and the 6-month period ended 30th June 2023 and recorded such income in the profit sharing of associates and joint ventures using the equity method instead.

▪ Revenue from construction and rendering services

Revenue from construction and rendering services are shown in the consolidated financial statements for the 3-month period ended 30th June 2023 in the amount of 576.41 million baht, compared to the same period of the previous year in the amount of 333.59 million baht, a decrease of 242.82 million baht, representing a decrease of 72.79%, and for the 6-month period, it was shown in the amount of 1,094.45 million baht, compared to the same period of the previous year in the amount of 769.66 million baht, a decrease of 324.79 million baht or a decrease of 42.20% due to the recognition of revenue from the construction of solar power plants for private customers.

▪ Revenue from sale of assets under finance lease

Revenue from construction and rendering services are shown in the consolidated financial statements for the 3-month period ended 30th June 2023 was shown at 91.89 million baht compared to the same

period of the previous year showing the amount of 58.99 million baht, an increase of 32.91 million baht, representing an increase of 55.78%, and for the 6-month period, the amount of 425.52 million baht was shown, compared to the same period of the previous year, the amount of 403.12 million baht was shown, an increase of 22.40 million baht or an increase of 5.56%, which arises from the revenue from the land and building lease agreements for the projects that have contracted with the Lotus Project and the revenue from the sale of electricity on the roof to the private sector, which is a long-term contract of 10 – 15 years, which is the revenue that generated from the sale of assets under the capital lease agreement from the adjustment of accounting standards (TFRS 16).

▪ **Profit (loss) on net foreign exchange**

Profit (loss) on net foreign exchange for the 3-month period ended 30th June 2023, showing a loss of 10.46 million baht, compared to the same period of the previous year showing a loss of 47.64 million baht, loss decreased by 37.18 million baht, representing 78.05%, and for the 6-month period, it showed a profit of 0.48 million baht, compared to the same period of the previous year showing a loss of 56.44 million baht, a change of 56.92 million baht or 100.86%. This is the unrealized gain resulting from foreign currency translation 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, in which the loan contract is denominated in the US dollar, the value of the Vietnamese Dong depreciates against the US dollar.

▪ **Profit on change in fair value of derivatives**

Profit on changes in fair value of derivatives exchange for the 3-month period ended 30th June 2023, showing a profit of 80.67 million baht, compared to the same period of the previous year showing a profit of 350.29 million baht, a decrease of 269.62 million baht, representing a decrease of 76.97%, and for the 6-month period, it showed a profit of 11.61 million baht compared to the same period of the previous year showing a profit of 644.65 million baht, a decrease of 633.04 million baht or a decrease of 98.20%, 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 1st January 2020 onwards.

However, due to the change of interest in a subsidiary to a joint venture of the wind power project on 27th July 2022, the Company has divided the shareholding proportion of 50% in the wind project group and changed the method of recognition of revenues and expenses from recognition in the consolidated financial statements to the method of proportion recognition in the transaction of profit sharing in the proportion 50% to GUNKUL and the other 50% in the joint venture to the Gulf Renewable Energy Co., Ltd. As a result, the Company did not record revenue from wind power sales for the 3-month period and the 6-month period ended 30th June 2023 and recorded such income in the profit sharing of associates and joint ventures using the equity method instead.

▪ **Other revenue**

Other revenue for the 3-month period ended 30th June 2023 was shown at 51.33 million baht, compared to the same period of the previous year in the amount of 14.13 million baht, an increase of 37.20 million baht, representing an increase of 263.27% and for the 6-month period, showing an amount of 92.77 million baht compared to the same period of the previous year, showing an amount of 22.94 million baht, an increase of 69.83 million baht or an increase of 304.40%, which arises from the revenue from the sale of electricity to the rooftop solar power plant project that has not yet been delivered to the customer, but has already received the revenue from the sale of electricity.

▪ Cost of sales and services

Cost of sales and services was shown at 275.97 million baht, compared to the same period of the previous year showing at 226.09 million baht, an increase of 49.88 million baht, representing an increase of 22.06%, and for the 6-month period, it was shown in the amount of 516.69 million baht, compared to the same period of the previous year in the amount of 436.64 million baht, an increase of 80.05 million baht or an increase of 18.33%. This was due to the operating costs of new awarded solar and wind projects, as well as expenses related to the business following the increase in sales and construction revenue.

▪ 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 June 2023 was shown at 190.14 million baht, compared to the same period of the previous year showing the amount of 44.05 million baht, an increase of 146.08 million baht, representing an increase of 331.60%, **and for the 6-month period, it was shown in the amount of 535.18 million baht, compared to the same period of the previous year in the amount of 111.64 million baht, an increase of 423.54 million baht or an increase of 379.36%.** Since the Company has changed the shareholding percentage of the subsidiaries in the wind power group in all 3 projects in the proportion of 50% and changed the accounting method from a subsidiary company to a joint venture company. As a result, since 27th July 2022, there has been a significant increase in profits among subsidiaries in the group of 3 wind power projects. In the first quarter of 2023, the weather conditions resulted in relatively good wind power, causing all 3 wind power plants to produce electricity up to 187.45 million units, an increase of 39.73 million units from the same period of the previous year.

▪ Finance costs

Finance costs for the 3-month period ended 30th June 2023 was shown at 174.83 million baht, compared to the same period of the previous year showing the amount of 250.12 million baht, a decrease of 75.29 million baht, representing a decrease of 30.10%, and for the 6-month period, it was shown at 334.72 million baht, compared to the same period of the previous year at 494.43 million baht, a decrease of 159.71 million baht or 32.30%. This is due to the change of interest in a subsidiary to a joint venture of the wind power project on 27th July 2022, the Company has divided the shareholding proportion of 50% in the wind project group and changed the method of recognition of revenues and expenses from recognition in the consolidated financial statements to the method of proportion recognition in the transaction of profit sharing in the proportion 50% to GUNKUL and the other 50% in the joint venture to the Gulf Renewable Energy Co., Ltd. As a result, the Company did not record revenue from wind power sales for the 3-month period and the 6-month period ended 30th June 2023 and recorded such income in the profit sharing of associates and joint ventures using the equity method instead.

The normal operating profit of the Company's Business

If considering only the normal operating profit of the Company's Business, excluding gains from derivatives and gains (losses) on exchange rates, this can be seen that profit for the period for the 3-month period ended 30th June 2023 amounted to 382.44 million baht, compared to the same period of the previous year, showing the amount of 476.55 million baht, an increase of 94.11 million baht, representing a decrease of 19.75%. Due to the change of interest in a subsidiary to become a joint venture of the wind power project on 27th 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. As a result, the Company did not record revenue from wind power sales for the 3-month period and the 6-month period ended 30th June 2023 and recorded such income in the profit sharing of associates and joint ventures using the equity method instead, resulting in profits decreased in such proportion.

For the 6-month period, it was shown in the amount of 895.06 million baht, compared to the same period of the previous year in the amount of 696.01 million baht, an increase of 199.05 million baht or an increase of 28.60%. This was due to improved core business performance in both construction business, including a significant increase in the amount of electricity generated from wind power projects during the first quarter, even the Company holds only 50% of such shares, it still generates substantial profits for the Company, resulting in a significant increase in such profits.

Please be informed accordingly.

Sincerely yours,

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