

No. GUNKUL_LT-OUT_66-075

8th November 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 September 2023 as follows:

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

| Important financial information | 3rd Quarter | | Change | | 9-month period | | Change | |
|--|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------|-------------------|-----------------|
| | 2023 | 2022 | Million Baht | % | 2023 | 2022 | Million Baht | % |
| Revenue from sale | 551.50 | 652.60 | (101.10) | (15.49%) | 1,364.16 | 1,293.12 | 71.04 | 5.49% |
| Revenue from sale of electricity and adder | 607.35 | 750.98 | (143.63) | (19.13%) | 1,816.96 | 2,946.13 | (1,129.17) | (38.33%) |
| Revenue from construction and rendering services | 627.71 | 471.04 | 156.68 | 33.26% | 1,722.16 | 1,240.70 | 481.46 | 38.81% |
| Revenue from sale of assets under finance lease | 461.01 | 48.00 | 413.01 | 860.39% | 886.53 | 451.13 | 435.41 | 96.52% |
| Profit (loss) on net foreign exchange | 145.59 | 72.09 | 73.50 | 101.96% | 157.20 | 716.74 | (559.54) | (78.07%) |
| Profit on change in fair value of derivatives | - | 1,330.72 | (1,330.72) | (100.00%) | - | 1,330.72 | (1,330.72) | (100.00%) |
| Other revenue | 16.00 | 9.76 | 6.25 | 64.02% | 108.78 | 32.70 | 76.08 | 232.67% |
| Total revenue | 2,409.17 | 3,335.19 | (926.02) | (27.77%) | 6,055.78 | 8,011.23 | (1,955.45) | (24.41%) |
| Cost of sales and services | 1,574.73 | 1,272.24 | 302.50 | 23.78% | 3,930.93 | 3,659.05 | 271.88 | 7.43% |
| Selling and administrative expenses | 286.29 | 240.46 | 45.83 | 19.06% | 802.99 | 677.10 | 125.88 | 18.59% |
| Net foreign exchange loss | 79.82 | 84.42 | (4.60) | (5.45%) | 79.34 | 140.86 | (61.52) | 43.68% |
| Loss from change in investment proportion | 29.44 | - | 29.44 | 100.00% | 29.44 | - | 29.44 | 100% |
| Total expenses | 1,970.29 | 1,597.12 | 373.17 | 23.36% | 4,842.70 | 4,477.01 | 365.69 | 8.17% |
| Share of profits from investments in associates and joint ventures | 267.21 | 146.33 | 120.89 | 82.61% | 802.39 | 257.97 | 544.42 | 211.04% |
| Finance costs | 175.89 | 195.87 | (19.98) | (10.20%) | 510.61 | 690.30 | (179.69) | (26.03%) |
| Expenses (income) income tax | 67.61 | 148.50 | (80.89) | (54.47%) | 135.14 | 277.65 | (142.51) | (51.33%) |
| Profit for the period | 462.59 | 1,540.02 | (1,077.44) | (69.96%) | 1,369.74 | 2,824.25 | (1,454.51) | (51.50%) |
| Net profit of the parent company | 461.91 | 1,539.45 | (1,077.54) | (70.00%) | 1,369.43 | 2,821.13 | (1,451.70) | (51.46%) |
| Basic earnings per share (baht per share) | 0.05 | 0.17 | (0.12) | (70.59%) | 0.15 | 0.32 | (0.17) | (53.13%) |
| Profit from normal operations | 426.26 | 221.64 | 204.62 | 92.32% | 1,321.31 | 917.66 | 403.65 | 43.99% |

▪ **Profit from normal operations of the business**

If considering only the profit from normal operations of the Company's Business, excluding profits from changing interests in subsidiaries to joint ventures, profits from value of derivatives, loss on net foreign exchange and losses from changes in investment proportions, this can be seen that profit for the period for the 3-month period ended 30th September 2023 amounted to 426.26 million baht, compared to the same period of the previous year, showing the amount of 221.64 million baht, an increase of 204.62 million baht, representing an increase of 92.32% and for the 9-month period showing the amount of 1,321.31 million baht, compared to the same period of the previous year in the amount of 917.66 million baht, an increase of 403.65 million baht or an increase of 43.99%. This is due the improvement of core business operations in both the sales business, construction business, including the amount of electricity production from wind power projects that increased significantly in the 3-month and 9-month periods. Even though, the Company holds only 50% of the shares, these are still able to generate substantial profits for the Company, resulting in a significant increase in such profits.

▪ **Net Profit**

The Company's overall operating result for the period ended 30th September 2023 had a profit based on profit sharing (loss) attributable to the Company, showing **a net profit for the 3-month period equal to 461.91 million baht and for the 9-month period equal to 1,369.43 million baht**, compared to the same period of previous year, showing net profit for the 3-month period in the amount of 1,539.45 million baht, a decrease of 1,077.54 million baht or a decrease of 70% and for the 9-month period showing the amount of 2,821.13 million baht, a decrease of 1,451.70 million baht or a decrease of 51.46%. The net profit incurred for the period ended 30th September 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 September 2023 in the amount of 607.35 million baht, compared to the same period of the previous year at 750.98 million baht, a decrease of 143.63 million baht, or a decrease of 19.13%, and for the 9-month period, it was shown in the amount of 1,816.96 million baht, compared to the same period of the previous year in the amount of 2,946.13 million baht, a decrease of 1,129.17 million baht or a decrease of 38.33%, with a detail as below;

Table showing income by type of electricity from energy

| Item | 3rd Quarter | | Change | | 9-month period | | Change | |
|-----------------------------------|-------------|------|--------------|--------|----------------|-------|--------------|--------|
| | 2023 | 2022 | Million Baht | % | 2023 | 2022 | Million Baht | % |
| Revenue from sales of solar power | 607 | 589 | 18 | 3% | 1,817 | 1,836 | (19) | (1%) |
| - Domestic | 199 | 197 | 2 | 1% | 654 | 650 | 4 | 1% |
| - Abroad | 408 | 392 | 16 | 4% | 1,163 | 1,186 | (23) | (2%) |
| Revenue from sales of wind power | - | 162 | (162) | (100%) | - | 1,110 | (1,110) | (100%) |
| Total | 607 | 751 | (144) | (19%) | 1,817 | 2,946 | (1,129) | (38%) |

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 9-month period ended 30th September 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 September 2023 in the amount of 627.71 million baht, compared to the same period of the previous year in the amount of 471.04 million baht, an increase of 156.68 million baht, representing an increase of 33.26%, and for the 9-month period, it was shown in the amount of 1,722.16 million baht, compared to the same period of the previous year in the amount of 1,240.70 million baht, an increase of 481.46 million baht or an increase of 38.81% 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 September 2023 was shown at 461.01 million baht compared to the same period of the previous year showing the amount of 48 million baht, an increase of 413.01 million baht, representing an increase of 860.39%, and for the 9-month period, the amount of 886.53 million baht was shown, compared to the same period of the previous year, the amount of 451.13 million baht was shown, an increase of 435.41 million baht or an increase of 96.52%, which arises from the sale of electricity on the roof to the private sector, which is a long-term contract of 10 – 15 years, a revenue that generated from the sale of assets under the capital lease agreement from the adjustment of accounting standards (IFRS 16).

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

Profit on changes in fair value of derivatives exchange for the 3-month period ended 30th September 2023, showing a profit of 145.59 million baht, compared to the same period of the previous year showing a profit of 72.09 million baht, an increase of 73.50 million baht, representing an increase of 101.96%, and for the 9-month period, it showed a profit of 157.20 million baht compared to the same period of the previous year showing a profit of 716.74 million baht, a decrease of 559.54 million baht or a decrease of 78.07%, 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 9-month period ended 30th September 2023 and recorded such income in the profit sharing of associates and joint ventures using the equity method instead.

▪ **Profit from change of interest in subsidiary to joint venture**

Profit from change of interest in subsidiary to joint venture for the 3-month and for the 9-month period ended 30th September 2023, decreased from the previous year by 100%, due to on 11th July 2022, the Board of Directors resolved to approve Gulf Gunkul Corporation Company Limited (subsidiary of the Group and holding 100% of shares in Wind Energy Development Company Limited, Greenovation Power Company Limited and Korat Wind Energy Company Limited), issuing and offering

common shares worth a total of 5,000 million baht, which represents 50% of the registered capital in the said company to Gulf Renewable Energy Company Limited.

The capital increase was completed on 27th July 2022, resulting in the said subsidiary changing its status to a joint venture and the Company classified its investment in Gulf Gunkul Corporation Company Limited according to 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 derecognized the assets, liabilities and goodwill of the said subsidiary in the financial statements, and measure the initial value of the investment in the joint venture in Gulf Gunkul Corporation Company Limited at the fair value of the equity interest at 50%, and recorded a profit from the change of interest in a subsidiary to a joint venture in the amount of 1,330.72 million baht in the consolidated statement of comprehensive income for the 3-month and 9-month periods ending 30th September 2022, which for the current year, there was no such item.

▪ **Other revenue**

Other revenue for the 3-month period ended 30th September 2023 was shown at 16 million baht, compared to the same period of the previous year in the amount of 9.76 million baht, an increase of 6.25 million baht, representing an increase of 64.02% and for the 9-month period, showing an amount of 108.78 million baht compared to the same period of the previous year, showing an amount of 32.70 million baht, an increase of 76.08 million baht or an increase of 232.67%, 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 for the sales section, Electricity production and distribution section and the construction and services section, for the 3-month period ending 30th September 2023, showing an amount of 1,574.73 million baht, compared to the same period of the previous year showing at 1,272.24 million baht, an increase of 302.50 million baht, representing an increase of 23.78%, and for the 9-month period, it was shown in the amount of 3,930.93 million baht, compared to the same period of the previous year in the amount of 3,659.05 million baht, an increase of 271.88 million baht or an increase of 7.43%, which can be summarized by section as follows.

| Important financial information | 3rd Quarter | | Change | | 9-month period | | Change | |
|---|-------------|--------|--------------|----------|----------------|----------|--------------|----------|
| | 2023 | 2022 | Million Baht | % | 2023 | 2022 | Million Baht | % |
| Cost of sale | 426.53 | 567.48 | (140.95) | (24.84%) | 1051.19 | 1,063.33 | (12.14) | (1.14%) |
| Cost of sale of electricity | 268.53 | 343.05 | (74.51) | (21.72%) | 812.17 | 1,288.22 | (476.05) | (36.95%) |
| Cost of construction services and rendering of services | 432.06 | 315.15 | 116.90 | 37.09% | 1,244.53 | 901.83 | 342.70 | 38.00% |
| Cost of sale of assets under finance lease | 447.61 | 46.56 | 401.05 | 861.31% | 823.04 | 405.66 | 417.37 | 102.89% |

1. Cost of sale for the 3-month period and 9-month period ending 30th September 2023, decreased by 140.95 and 12.14 million baht, respectively, compared to the same period of the previous year. This corresponds to lower sales during the 3rd quarter, as well as the cost management that results in higher profit margins.
2. Cost of sale of electricity for the 3-month period and 9-month period ending 30th September 2023, decreased by 74.51 and 476.05 million baht, respectively, This is because costs from the sale of wind power for the 3-month period and 9-month period ending 30th September 2023 were not

recorded and such costs were recorded in the profit share of associates and joint ventures that use the equity method instead.

3. Cost of construction services and rendering of services for the 3-month period and 9-month period ending 30th September 2023, increased by 116.90 and 342.70 million baht, respectively, compared to the same period of the previous year. The increase corresponds to the increased income of construction work, which is recognized as income from construction contracting work and providing services according to construction work periods, respectively.
4. Cost of sale of assets under finance lease for the 3-month period and 9-month period ending 30th September 2023, increased by 401.05 and 417.37 million baht, respectively, compared to the same period of the previous year. As the Group has implemented Accounting Standard No. 16, Lease Agreements, regarding the recognition of assets, rights of use and liabilities under lease agreements, resulting in the accounting of expenses related to the said lease has changed.

▪ **Selling and administrative expenses**

Selling and administrative expenses for the 3-month period ended 30th September 2023 was shown at 286.29 million baht, compared to the same period of the previous year showing the amount of 240.46 million baht, an increase of 45.83 million baht, representing an increase of 19.06%, and for the 9-month period, it was shown at 802.99 million baht, compared to the same period of the previous year at 677.10 million baht, an increase of 125.88 million baht or an increase of 18.59%. This arises from operating expenses for new solar and wind projects. The operating expenses are in line with the increased sales and construction income.

▪ **Net foreign exchange loss**

Net foreign exchange loss for the 3-month period ended 30th September 2023 showing a loss of 79.82 million baht, compared to the same period of the previous year showing a loss of 84.42 million baht. The loss decreased by 4.60 million baht, or equivalent to 5.45%, and for the 9-month period, showing a loss of 79.34 million baht, compared to the same period of the previous year showing a loss of 140.86 million baht, a loss decreased by 61.52 million baht or equivalent to 43.68%. This is an unrealized loss resulting from foreign currency exchange at the end of every period from the main reason which is the currency exchange according to the financial statements of the loan liabilities for the solar power plant project in Vietnam. The loan contract was made in US dollars which the value of the Vietnamese dong depreciated compared to the US dollar.

▪ **Loss from change in investment proportion**

Loss from changes in investment proportion for the 3-month period and for the 9-month period ending 30th September 2023, show a loss of 29.44 million baht, an increase of 100% from the previous year due to changes in the proportions of joint venture groups in the THCG group.

▪ **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 2023 was shown at 267.21 million baht, compared to the same period of the previous year showing the amount of 146.33 million baht, an increase of 120.89 million baht, representing an increase of 82.61%, **and for the 9-month period, it was shown in the amount of 802.39 million baht, compared to the same period of the previous year in the amount of 257.97 million baht, an increase of 544.42 million baht or an increase of 211.04%.** 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 3-month and 9-month period of 2023, the weather conditions resulted in relatively good wind power, causing all 3 wind power plants to produce electricity in 9-month period up to 290.62 million units, an increase of 69.22 million units from the same period of the previous year.

▪ **Finance costs**

Finance costs for the 3-month period ended 30th September 2023 was shown at 175.89 million baht, compared to the same period of the previous year showing the amount of 195.87 million baht, a decrease of 19.98 million baht, representing a decrease of 10.20%., and for the 9-month period, it was shown at 510.61 million baht, compared to the same period of the previous year at 690.30 million baht, a decrease of 179.69 million baht or a decrease of 26.03%. 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 9-month period ended 30th September 2023 and recorded such income in the profit sharing of associates and joint ventures using the equity method instead.

Please be informed accordingly.

Sincerely yours,

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