

Subject: Clarification of the Operating Result for the significant change  
 Attention: The President  
 The Stock Exchange of Thailand

Takuni Group Public Company Limited (“The Company”) and its subsidiaries (“The Group”) would like to clarify the change in operating result for the period ended 31 December 2020, which the performance has changed more than 20% from the last year as follows:

**Statement of Comprehensive Income**

*Unit: Million Baht*

	31 December 2020	31 December 2019	Increased (Decreased)	Percentage	Remark
<b>Sales and Services Income</b>	<b>3,078.34</b>	<b>3,076.89</b>	<b>1.45</b>	<b>0.05%</b>	
- LPG Trading	509.92	742.39	(232.47)	(31.31%)	1
- Transportation	17.59	15.58	2.01	12.90%	
- Conversion Kit Installation	3.70	2.06	1.64	79.61%	
- Construction	2,326.54	2,228.33	98.21	4.41%	2
- Testing and Inspection	101.37	88.53	12.84	14.50%	3
- Other	119.22	-	119.22	100.00%	4
<b>Cost of sales and services</b>	<b>(2,804.44)</b>	<b>(2,778.79)</b>	<b>25.65</b>	<b>0.92%</b>	
<b>Gross Profit</b>	<b>273.89</b>	<b>298.10</b>	<b>(24.21)</b>	<b>(8.12%)</b>	
Other income	10.31	17.84	(7.53)	(42.21%)	5
<b>Profit before expenses</b>	<b>284.20</b>	<b>315.94</b>	<b>(31.74)</b>	<b>(10.05%)</b>	
Distribution costs	(4.11)	(5.36)	(1.25)	(23.32%)	6
Administrative expenses	(159.68)	(190.21)	(30.53)	(16.05%)	7
Finance costs	(22.80)	(14.56)	8.24	56.59%	8
Share of profit (loss) of associates	(2.35)	(1.32)	1.03	78.03%	9
<b>Profit before income tax</b>	<b>95.26</b>	<b>104.49</b>	<b>(9.23)</b>	<b>(8.83%)</b>	
Income tax	(21.60)	(30.75)	(9.15)	(29.76%)	
<b>Profit for the period</b>	<b>73.67</b>	<b>73.74</b>	<b>(0.07)</b>	<b>(0.09%)</b>	10
Other comprehensive income:	-	(4.29)	4.29	100.00%	
<b>Total comprehensive income for the year, net of tax</b>	<b>73.67</b>	<b>69.45</b>	<b>4.22</b>	<b>6.08%</b>	
<b>Profit attributable to:</b>					
Owners of the parent	32.26	27.16	5.10	18.78%	
Non-controlling interests	41.41	46.59	(5.18)	(11.12%)	

1. LPG sales income decreased amounting to 232.47 Million Baht, accounting for 31.31%, as the average selling price decreased 11.25% from previous year because the board of National Energy Policy office has adjusted LPG selling price which cause a sharply decreased in selling price since the end of March 2020. Moreover, volume sold decreased 22.61% from the last year, mainly decreased in LPG sold to transportation sector 34.72% as LPG usage in automotive decreased, as well as decreased in LPG sold to industrial sector 0.37% as the effect of COVID-19 make decreased in LPG usage in production process which in line with the decreased in production plan.
2. Construction service income for the year sharply increased 98.21 Million Baht, accounting for 4.41% from previous year as the revenue recognition on progress measurement method towards complete satisfaction of the performance obligation on construction service contract that has continuously awarded since 2018. Currently, the Group has backlog for construction service in oil and gas sector totaling of 3,816.46 Million Baht. On 7 January 2021, the Group also notify the project award of 161.21 Million Baht. (*Refer to the Notification of project awarded letter no. CAZ 001-2564 on 7 January 2021*)
3. Testing and Inspection service income moderately increased 12.84 Million Baht, or 14.50%, from the prior year because the increased in testing and inspection service income in eastern region, which represent of 59.31% of Testing and Inspection service income, from the last year which was only 53.42% of Testing and Inspection service income.
4. Revenue from other business increased 119.22 Million Baht because revenue from land disposal to an associated company for property development business.
5. Other income decreased 7.54 Million Baht or 42.26% from previous year because of the following;
  - Decreased in interest income from Bank of 0.86 Million Baht compared to prior year
  - Loss on selling of scrap and unused construction machine equipment and consumable amounting of 2.79 Million Baht
  - Decreased in training service income and equipment rental income of 1.14 Million Baht compared to the previous year
  - There was gain on sell of short-term investment amounting of 0.91 Million Baht in 2020.
  - Decreased in gain on exchange rate of 2.10 Million Baht as there was loss on exchange rate in FY2021 of 0.12 Million Baht, while there was gain on exchange rate of 1.98 Million Baht in FY2020.
6. Distribution costs slightly decreased amounting to 1.25 Million Baht, accounting for 23.32% from previous year due to the decreased in salary of salesperson 0.88 Million Baht, as well as promotion expense slightly decreased 0.37 Million Baht.
7. Administrative expense sharply decreased 30.53 Million Baht, or 16.05% compared to the previous period because

- There was impairment of gas depot and related assets in LPG trading business amounting of 22.48 Million Baht in 2020. As well as there were marketing, consultant fee and directly attributable expense of the initial public offering total of 1.18 Million Baht in last year.
  - Decreased in personnel and its related expense 8.32 Million Baht, and utility expense 1.78 Million Baht compared to prior year.
  - During 2021, the Group has recorded allowance for doubtful account, tax penalty and fee as well as non-refundable prepaid withholding tax of 5.35 Million Baht.
8. Financial Cost increased because the Group has short-term borrowings from financial institutions of 1,076.11 Million Baht and short-term borrowings from third party and related party of 44.68 Million Baht for working capital, resulted in interest expense of 20.66 Million Baht -slightly increased from the last year interest expense which was 14.20 Million Baht, accounting for 45.42%. However, in 2021, the Group repayment loan amounting of 837.20 Million Baht. Moreover, the Group recorded interest expense of 0.60 Million Baht according to the initially adopted TFRS 16 on contracts.
9. Share of loss associates accounted for using equity method amounting of 2.35 Million Baht from 4 associated companies as follow;
- Sales and installation of tools and machinery, hold 47.50% of paid-up capital, share of gain amounting of 0.30 Million Baht
  - Repair and maintenance of tools and machinery, hold 47.50% of paid-up capital, share of loss amounting of 0.14 Million Baht
  - Property development, hold 40% of paid-up capital, share of loss amounting of 0.95 Million Baht
  - Manufacturer and assembly electric motorbike, hold 40% of paid-up capital, share of loss amounting of 1.56 Million Baht
10. Gross profit margin for the year ended 31 December 2020 was 8.90% slightly decreased from 9.69% of last year gross profit margin, while Net profit for was 73.67 Million Baht, decreased 0.08 Million Baht or 0.11% from the prior year which was net profit of 73.75 Million Baht by reason of the dramatically increased in revenue from construction service and gain on land disposal as well as decreased in administrative expense.

## Statement of Financial Position

Unit: Million Baht

	31 December 2020	31 December 2019	Increased (Decreased)	Percentage
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	472.61	138.27	334.34	241.80%
Trade and other receivables	265.18	305.58	(40.40)	(13.22%)
Contract assets	524.09	707.29	(183.20)	(25.90%)
Short-term loans to related parties	18.32	0.32	18.00	5,625.00%
Inventories	61.08	222.17	(161.09)	(72.51%)
Other current assets	7.96	15.57	(7.61)	(48.88%)
<b>Total current assets</b>	<b>1,349.24</b>	<b>1,389.21</b>	<b>(39.97)</b>	<b>(2.88%)</b>
<b>Non-current assets</b>				
Pledged and restricted bank deposits	29.82	48.85	(19.03)	(38.96%)
Investments in associates	1.45	5.21	(3.76)	(72.17%)
Investment properties	4.29	11.04	(6.75)	(61.14%)
Property, plant and equipment	721.35	692.02	29.33	4.24%
Goodwill	19.38	19.38	-	0.00%
Intangible assets	15.95	14.49	1.46	10.08%
Receivable from sale of land	76.24	-	76.24	100.00%
Retention receivables	54.19	11.61	42.58	366.75%
Withholding tax receivable	151.19	118.56	32.63	27.52%
Deferred income tax assets	7.68	5.61	2.07	36.90%
Other non-current assets	7.42	3.66	3.76	102.73%
<b>Total non-current assets</b>	<b>1,088.97</b>	<b>930.43</b>	<b>158.54</b>	<b>17.04%</b>
<b>Total assets</b>	<b>2,438.22</b>	<b>2,319.64</b>	<b>118.57</b>	<b>5.11%</b>
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Over draft and short-term bank borrowings	509.11	238.95	270.16	113.06%
Trade and other payables	277.02	397.37	(120.35)	(30.29%)
Contract Liabilities	141.44	243.75	(102.31)	(41.97%)
Short-term loans from related parties	-	2.50	(2.50)	(100.00%)
Short-term loans from third party	20.00	-	20.00	100.00%
Current portion of long-term bank borrowings	38.64	38.64	-	0.00%
Current portion of lease liabilities	24.48	9.57	14.91	155.80%
Income tax payable	4.14	0.58	3.56	613.79%

## Statement of Financial Position

Unit: Million Baht

	31 December 2020	31 December 2019	Increased (Decreased)	Percentage
Other current liabilities	34.80	26.92	7.88	29.27%
<b>Total current liabilities</b>	<b>1,049.64</b>	<b>958.28</b>	<b>91.36</b>	<b>9.53%</b>
<b>Non-current liabilities</b>				
Long-term bank borrowings	84.30	105.06	(20.76)	(19.76%)
Lease liabilities	36.22	22.58	13.64	60.41%
Deferred income	14.24	-	14.24	100.00%
Employee benefit obligations	14.54	16.41	(1.87)	(11.40%)
Other non-current liabilities	9.63	20.41	(10.78)	(52.82%)
<b>Total non-current liabilities</b>	<b>158.93</b>	<b>164.46</b>	<b>(5.53)</b>	<b>(3.36%)</b>
<b>Total liabilities</b>	<b>1,208.57</b>	<b>1,122.74</b>	<b>85.83</b>	<b>7.64%</b>
<b>Shareholders' equity</b>				
Issued and paid-up	400.00	400.00	-	0.00%
Premium on paid-up capital	305.53	305.53	-	0.00%
Share surplus from business combination under common control	20.64	20.64	-	0.00%
Retained earnings	84.85	74.52	10.33	13.86%
Other component of equity	81.85	81.85	-	0.00%
Total parent's equity	892.87	882.54	10.33	1.17%
Non-controlling interests	336.77	314.36	22.41	7.13%
<b>Total shareholders' equity</b>	<b>1,229.65</b>	<b>1,196.90</b>	<b>32.75</b>	<b>2.74%</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,438.22</b>	<b>2,319.64</b>	<b>118.58</b>	<b>5.11%</b>

The Group's total asset as at 31 December 2020 was 2,438.22 Million Baht, increased 118.58 Million Baht or 5.11%, from 31 December 2019 which was 2,319.64 Million Baht because of the following;

- Short-term loans to related parties increased 18.00 Million Baht as the associated company need working capital for property development project.
- Purchase of tools and equipment amounting of 104.58 Million Baht to support the business expansion, and record Right-of-use assets amounting of 14.33 Million Baht according to the initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 Leases, and depreciation expense during the period as well as disposals of 89.58 Million Baht. Net effect of PPE was increased of 29.33 Million Baht from the last year.
- Land Receivable amounting of 76.24 Million Baht from land disposal to the associated company, with 3 years installment period.
- Withholding tax receivable increase amounting of 32.63 Million Baht as payment received from Trade receivable during the period.
- Retention receivable increased 42.58 Million Baht as retention deducted from construction service receivable during the period.

- Contract assets (Unbilled receivables from Construction service) decreased 180.02 Million Baht due to billing to customer for construction service during the period.
- Inventory decreased 161.09 Million Baht due to land and building disposal of 155 Million Baht, decreased in LPG stock of 8.28 Million Baht due to quantity decreased from the end of last year, as well as the Group has reserve allowance for slow moving item for Conversion Kit Installation business amounting to 0.40 Million Baht. However, Material and supplies for construction project increased 7.22 Million Baht.
- Trade and other receivable decreased 40.40 Million Baht as payment receipt during the period amounting to 25.41 Million Baht, and increased in allowance for doubtful accounts of 3.38 Million Baht. Moreover, advance to subcontract for oil and gas construction decreased 11.24 Million Baht according to the work that supplier performed during the year.

The Group's total liabilities as at 31 December 2020 was 1,208.57 Million Baht increased 85.83 Million Baht from 31 December 2019 which was 1,122.74 Million Baht because of the following;

- Short-term borrowings from financial institutions increased 270.16 Million Baht, and short-term borrowings from third party increased of 20.00 Million Baht, while Long-term borrowings from financial institutions decreased 20.76 Million due to the receipt fund totaling of 1,120.79 Million Baht and repayment during the period of 853.90 Million Baht.
- Other current liabilities increased 7.88 Million Bath due to accrued tax to the Revenue Department 4.69 Million Baht, and accrued for warranty for construction project of 3.61 Million Baht
- Lease liabilities increased 28.55 Million Baht according to the initially adopted TFRS 16 on contracts amounting of 13.49 Million Baht and increased in equipment financial leased for construction service of 16.29 Million Baht.
- Contract liabilities (Advances received from construction contracts and construction income received in advance) decreased 102.31 Million Baht due to the revenue recognition during the year.

The Group's shareholders' equity attribute to the parent company as at 31 December 2020 was 892.87 Million Baht increased from 31 December 2019 which was 882.54 Million Baht because total comprehensive income for the period amounting to 32.26 Million Baht and dividend payment amounting to 21.92 Million Baht in May 2020.

As at 31 December 2020, the Group's Current ratio was 1.29 times which mean the company's liquidity to payment on short-term liability was still high. While Debt to Equity ratio of the Group and Interest Bearing Debt to Equity ratio was 1.35 times and

0.80 times, slightly increased from last year ratio of 1.27 and 0.47, consequently, which is low risk on financial leverage.

Please be informed accordingly,

Yours sincerely,

(Ms. Nita Treeweeranuwat)  
Vice President