

No. TSE(PCL) 002/08-2020

13 August 2020

Subject: Management discussion and analysis quarter 1 ending 31 March 2020 and disclosure of the Impact of Coronavirus 2019 (COVID-19) Pandemic

To: The President
The Stock Exchange of Thailand

The Board Meeting of Thai Solar Energy Public Company Limited ("the Company") held on 13 August 2020 resolved to approve the financial statement Q1/2020 (Reviewed) ended 31 March 2020. The Company would like to inform Management Discussion and Analysis details as follow;

Management Discussion and Analysis for the 3 month period ended 31 March 2020

1. Revenue from Sales and Services

The company generated total revenue from sales and services of Q1/2020 amounting of THB 371.06 million, which increased by THB 71.22 million or 23.75% compared to THB 299.84 million of the same period last year. (The revenue from sales and services did not include the revenue from 80 MW of solar farm which was recognized the contribution through share of profit from investments of 60% in jointly controlled entities).

The company has revenue increased from fully recognized revenue of new acquired 18 MW solar farms in Ayudthaya, Udonrthani and Angthong province total of THB 55.18 million, also with increased from projects distribution of electricity in Japan amounting of THB 6.13 million and Biomass projects amounting of THB 7.02 million.

2. Cost of Sales and Expenses

Total cost of sales and services of Q1/2020 amounting of THB 241.46 million, which increased by THB 43.03 million or 21.69% compared to THB 198.43 million of the same period last year. The increment mainly came from costs and depreciation of new acquired projects, also with cost of production of Biomass projects which increased in relation to the increased of revenue. The Company has gross profit margin of Q1/2020 34.93% which decreased from 33.82% in Q1/2019.

Total administrative expenses of Q1/2020 amounting of THB 65.73 million, which increased by THB 0.92 million or 1.42% compared to THB 64.81 million of the same period last year. This is not included the increased in loss from exchange rate amounting of THB 165.59 million which is non-cash item of unrealized loss from exchange rate and there is no impact to cashflow.

Total finance costs of Q1/2020 amounting of THB 62.34 million, which increased by THB 16.36 million or 35.58% compared to THB 45.98 million of the same period last year. The increment mainly came from interest expenses of new acquired projects and leases interest from adoption of financial reporting standard relating to leases standard (TFRS 16).

3. Share of Profit from Investment in Jointly Controlled Entities

According to Thai Accounting Standards with regards to an investment in joint ventures, the company recognizes an investment in joint ventures based on equity method. This concept was applied for the 80-MW solar PV farm. The details are as followed;

Unit : THB million

Items	31 March		Increase (Decrease)	
	2020	2019	Amount	%
Revenue	389.10	380.46	8.64	2.27
Cost and expenses	(108.12)	(113.62)	5.50	4.84
Net Profit	280.98	266.84	14.14	5.29
Share of Profit from Joint Ventures (60%)	168.59	160.11	8.47	5.29

Net profit of joint ventures of Q1/2020 amounting of THB 280.98 million, increased by THB 14.14 million or 5.29% compared to THB 266.84 million of the same period last year. The company has consistent operation performance. Net profit from joint ventures would be categorized by the equity method in terms of share of profit from joint ventures. In Q1/2020, the amount of share of profit from joint ventures amounting to THB 168.59 million, increased by THB 8.47 million or 5.29%, comparing to THB 160.11 million of the same period last year.

4. Profit attributable to Owners of the parent

According to the consolidated financial statement of Q1/2020, the profit attribute to owners amounting of THB 6.53 million, decreased by THB 140.20 million or 95.55% compared to THB 146.73 million of the same period last year. Main decrease came from non-cash transactions of unrealized loss from exchange rate amounting of THB 169 million.

Disclosure of the Impact of Coronavirus 2019 (COVID-19) Pandemic

1. Risks and Impact on Business Operations

Business generate and supply electricity from solar energy and biomass energy of the company are not affected by the COVID-19 pandemic both in terms of income and business operations due to The Company had the long-term power purchase agreement (PPA) with the Provincial Electricity Authority (PEA), the Metropolitan Electricity Authority (MEA) and Electricity Authority of Japan. In addition, electricity is a business that does not use manpower which production depends on the intensity of sunlight and the main climate, which can operate as normal. The effect from the COVID-19 pandemic in terms of difficulty in contacting and coordinating with government agencies in overseas resulting in lengthened period of time have been adversely affected from the declaration of state of emergency of the overseas governments. to implement the measure to enforce the people to avoid closed spaces, crowded spaces and close-contact-setting. Resulting in the accounting firm and audit firm engaged by Japan Subsidiaries have been interrupted and delayed from the scheduled work plan

The Company has measures were established to prevent the spread of the COVID-19 disease as well as Business Continuity Plan: BCP within the Company, including the Head Office and its site work offices, are as follows:

- Implement policy for working from home to reduce risk of infection while commuting to work and encourage social distancing in the workplace
- All staffs and visitors are to be screened and temperature scanned before entering to the working area
- Imposing the mandatory use of face masks while on duty
- Providing of sanitizers in various places, e.g. alcohol gel for preventing pandemic of the disease
- Regular office disinfectant spraying to prevent the spread of disease
- Social Distancing in work places
- Utilizing technologies in operations such as meetings
- Offering the COVID-19 insurance as a benefit for employees
- Establishing a time-lapse policy to reduce density during working hours

The Company's overseas operations are strictly complying with the measures required at work places as directed by the local government authorities.

2. Impact on Source of Fund and Operational Liquidity

Due to the Company mainly engaged in solar energy generation and distribution and having relatively consistent cash flows from the sale of electricity to the government under the long-term power purchase agreement, resulting in the company not being affected by the COVID-19 situation, therefore being able to pay interest and liabilities Including being able to maintain financial ratios in accordance with the conditions of the loan agreement and the terms and conditions Which does not affect the company's liquidity

However from the Company has the ability to pay off normal debts, therefore there is no change of funding sources and financial costs in the company in any way.

3. Impact on Financial Statements

Corona virus epidemic situation (COVID-19) does not affect material items to the financial statements and do not use exceptions under the notification of the federation of accounting professions No.16/2563 regarding accounting practices. regarding temporary relief measures for additional accounting options to address the impact of the coronary epidemic in 2019 (COVID -19).

Please be informed accordingly.
Your sincerely,

- signed -

(Mr. Somphop Prompanapitak)
Chief Operating Officer