

No. TSE(PCL)008/02-2021

25 February 2021

Subject: Management discussion and analysis for the year ended 31 December 2020

To: The President  
The Stock Exchange of Thailand

The Board Meeting of Thai Solar Energy Public Company Limited ("the Company") held on 25 February 2021 resolved to approve the financial statement for the year ended 31 December 2020. The Company would like to inform Management Discussion and Analysis details as follow;

### **Management Discussion and Analysis for the year ended 31 December 2020**

#### **1. Revenue from Sales and Services**

In 2020, the company has revenue increased amounting of THB 160.97 million from fully recognized revenue from projects acquired since 2019 total of 18 MW in Ayudthaya, Udonthani and Angthong province. Revenue also increased from 3 Biomass projects total of 22.2 MW in Surat Thani province and Nakhon Sri Thammarat province. The company generated total revenue from sales and services for year 2020 amounting of THB 1,530.45 million, which increased by THB 181.56 million or 13.46% compared to THB 1,348.89 million 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).

#### **2. Cost of Sales and Expenses**

Total cost of sales and services for the year 2020 amounting of THB 1,023.35 million, which increased by THB 111.99 million or 12.29% compared to THB 911.36 million last year. The increment mainly due to fully recognized operation costs of new acquired projects and costs of Biomass projects that increase in relation to revenue, also with amortization of Power purchase agreement. The Company's gross profit margin for 2020 was 33.13% which increased from 32.44% in 2019.

Total administrative expenses for the year 2020 amounting of THB 305.29 million, which increased by THB 71.94 million or 30.83% compared to THB 233.35 million last year due to increase in administrative expenses and professional fee expenses for invested projects.

In 2020, the Company recognized loss from exchange rate amounting of THB 92.54 million increased from THB 5.41 million last year due to borrowings in foreign currency however, this is considered as non-cash transaction and no impact to operation.

Total finance costs for the year 2020 amounting of THB 340.73 million, which increased by THB 193.54 million or 131.49% compared to THB 147.19 million. The increment mainly came from finance costs of right of PPA which start construction and finance costs of leases according to first time adoption of TFRS16 in 2020.

#### **3. Share of Profit from Investment in Jointly Controlled Entities**

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

*Financial Performance of joint controlled entities based on equity method*

Items	31 December		Increase (Decrease)	
	2020	2019	Amount	%
Revenues	1,500.35	1,546.28	(45.93)	(2.97)
Costs and expenses	(428.13)	(447.08)	18.95	4.24
Net Profit	1,072.22	1,099.20	(26.98)	(2.45)
Share of Profit from Joint Ventures (60%)	643.33	659.52	(16.19)	(2.45)

Unit : THB million

Net profit of joint ventures for the year 2020 amounting of THB 1,072.22 million, decreased by THB 26.98 million or 2.45% compared to THB 1,099.20 million last year. The company has consistent strong operation performance with the consistent net profit. Net profit from joint ventures would be categorized by the equity method in terms of share of profit from joint ventures. In 2020, the amount of share of profit from joint ventures amounting to THB 643.33 million, decreased by THB 16.19 million or 2.45%, comparing to THB 659.52 million last year.

#### **4. Profit attributable to Owners of the parent**

According to the consolidated financial statement for the year 2020, the profit attribute to owners amounting of THB 421.43 million, decreased by THB 353.15 million or 45.59% compared to THB 774.58 million last year. Main decrease came from loss from exchange rate in 2020 which is considered as non-cash transaction and no impact to operation.

Please be informed accordingly.  
Your sincerely,

- signed -

(Mr. Somphop Prompanapitak)  
Chief Operating Officer