

No. TSE(PCL)004/08-2021

11 August 2021

Subject: Management discussion and analysis quarter 2 ending 30 June 2021

To: The President  
The Stock Exchange of Thailand

The Board Meeting of Thai Solar Energy Public Company Limited ("the Company") held on 11 August 2021 resolved to approve the interim consolidate financial statement quarter 2 ending 30 June 2021. The Company would like to inform Management Discussion and Analysis details as follow;

**Management Discussion and Analysis for the 3 month and 6 month period ended 30 June 2021**

**1. Revenue from Sales and Services**

The group has total revenue from sales and services for the three-month period of Q2/2021 amounting of THB 419.30 million compared to THB 419.38 million, slightly lower than the same period last year by THB 0.08 million or 0.02%. In the same time, total revenue from sales and services for the six-month period of Q2/2021 amounting of THB 790.70 million compared to THB 790.44 million of the same period last year, which increased by THB 0.26 million or 0.03%.

- Increase in revenue from sales and services from new acquired projects

The group has revenue increased from fully recognized revenue from projects acquired during 2019 total of 18 MW in Ayudthaya, Udonthani and Angthong province, also with revenue from Floating solar project which construction completed and start operation in May 2021, caused the increase in revenue of THB 3.50 million for the three-month period of Q2/2021 and THB 6.20 million for the six-month period.

- Decrease in revenue from sales and services from solar farm projects in Japan

The group has revenue decreased from 7 solar farms in Japan total of 21.74 MW which has affect from high snow in early 2021. Total revenue decreased amounting of THB 5.00 million for the three-month period of Q2/2021 and THB 9.58 million for the six-month period.

- Consistency in revenue from sales and services from existing operating projects

The group has consistent revenue from Biomass projects total of 22.2 MW, and solar rooftop projects total of 14 MW comparing to the same period last year. Total revenue increased amounting of THB 0.81 million for the three-month period of Q2/2021 and THB 2.49 million for the six-month period.

(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 finance costs of Q1/2021 amounting of THB 84.69 million, which increased by THB 22.15 million or 35.42% compared to THB 62.54 million of the same period last year. The increase mainly from finance costs of right of PPA which start construction.

- Increase in cost of sales and services from Biomass projects and new acquired projects

Total cost of sales and services for the three-month period of Q2/2021 amounting of THB 258.73 million compared to THB 258.54 million of the same period last year, increased by THB 0.19 million or 0.07%. In the same time, the cost of sales and services for the six-month period amounting of THB 528.54 million compared to THB 500.00 million of the same period last year, which increased by THB 28.54 million or 5.71% due to increase in operation costs of Biomass projects and fully recognized operation costs of new acquired projects.

- Decrease in company's gross profitability

The group's gross profit margin for the three-month period of Q2/2021 amounting of THB 160.56 million, compared to THB 160.84 million of the same period last year, decreased by THB 0.28 million or 0.17%. Gross margin for the three-month period is 38.29% decreased from 38.35% of Q2/2020. While gross profit margin for the six-month period of Q2/2021 amounting of THB 262.16 million, compared to THB 290.44 million of the same period last year, decreased by THB 28.28 million or 9.74%. Gross margin of Q2/2021 is 33.16% lower than Q2/2020 which shown 36.74%.

- Decrease in administrative expenses

Total administrative expenses for the three-month period of Q2/2021 amounting of THB 38.25 million compared to THB 94.08 million of the same period last year, decreased by THB 55.83 million or 59.34%. Total administrative expenses for the six-month period of Q2/2021 amounting of THB 85.71 million compared to THB 159.81 million of the same period last year, decreased by THB 74.10 million or 46.37%. The decrease mainly from professional fee expenses and impairment of assets which occurred in 2020.

- Volatility of foreign currency

The group has unrealized gain (loss) from exchange rate which is considered as non-cash transaction and no impact to operation. For the three-month period of Q2/2021, this presented as loss amounting of THB 34.14 million compared to gain in Q2/2020 amounting of THB 96.36 million, caused loss increased of THB 130.50 million or 135.43%. While this presented as gain for the six-month period of Q2/2021 amounting of THB 9.77 million compared to loss in Q2/2020 amounting of THB 71.12 million, caused the profit increased of THB 80.89 million or 113.74%.

- Increase in finance costs

Finance costs for the three-month period of Q2/2021 was THB 83.35 million, which decreased by THB 9.76 million or 10.48%, comparing to the same period last year. The decreasing mainly came from decrease in long term loan. In the same time, finance costs for the six-month period of Q2/2021 was THB 168.04 million, which increased by THB 12.39 million or 7.96%, comparing to the same period last year. The increasing mainly came from finance costs of right of PPA which start construction.

### 3. Share of Profit from Investment in Joint Ventures

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;

*Financial Performance of joint ventures based on equity method*

Items	30 June		Increase (Decrease)	
	2021	2020	Amount	%
<b>For the three-month period</b>				
Revenue	390.62	392.27	(1.65)	(0.42)
Cost and expenses	(104.80)	(108.95)	4.15	3.81
Net Profit	285.82	283.32	2.50	0.88
Share of Profit from Joint Ventures (60%)	171.49	169.99	1.50	0.88
<b>For the six-month period</b>				
Revenue	803.45	781.37	22.08	2.83
Cost and expenses	(205.30)	(217.07)	11.77	5.42
Net Profit	598.15	564.30	33.85	6.00
Share of Profit from Joint Ventures (60%)	358.89	338.58	20.31	6.00

- Better and consistent performance of Joint ventures

Net profit of joint ventures for the three-month period of Q2/2021 amounting of THB 285.82 million compared to THB 283.32 million, increased by THB 2.50 million or 0.88%. The amount of share of profit from joint ventures amounting to THB 171.49 million comparing to THB 169.99 million of the same period last year, increased by THB 1.50 million or 0.88%.



For the six-month period of Q2/2021, net profit of joint ventures amounting of THB 598.15 million compared to THB 564.30 million of the same period last year, increased by THB 33.85 million or 6.00%. The amount of share of profit from joint ventures amounting to THB 358.89 million comparing to THB 338.58 million of the same period last year, increased by THB 20.31 million or 6.00%. The company has better operation performance from power plant improvement and decrease in finance costs. Net profit from joint ventures would be categorized by the equity method in terms of share of profit from joint ventures.

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

According to the consolidated financial statement for the three-month period of Q2/2021, the profit attribute to owners amounting of THB 182.12 million compared to THB 242.38 million of the same period last year, decreased by THB 60.26 million or 24.86%. For the six-month period of Q2/2021, the profit attribute to owners amounting of THB 384.68 million compared to THB 248.91 million of the same period last year, increased by THB 135.77 million or 54.55%. Main increase came from non-cash transactions of changes in unrealized gain (loss) from exchange rate and decrease in impairment of assets which occurred in 2020.

The comprehensive income attribute to owners for the three-month period of Q2/2021 amounting of THB 310.12 million compared to loss amounting of THB 43.39 million of the same period last year, which increased by THB 353.51 million. The comprehensive income for the six-month period of Q2/2021 amounting of THB 381.41 million compared to THB 470.21 million of the same period last year, which decreased by THB 88.80 million. Main changes came from exchange rate translation.

Please be informed accordingly.

Your sincerely,

*- signed -*

(Mr. Somphop Prompanapitak)  
Chief Operating Officer