

No. TSE (PCL) 002/11-2021

11 November 2021

Subject: Management discussion and analysis quarter 3 ending 30 September 2021

To: The President
The Stock Exchange of Thailand

The Board Meeting of Thai Solar Energy Public Company Limited ("the Company") held on 11 November 2021 resolved to approve the interim consolidate financial statement quarter 3 ending 30 September 2021. The Company would like to inform Management Discussion and Analysis details as follow;

Management Discussion and Analysis for the 3 month and 9 month period ended 30 September 2021

1. Revenue from Sales and Services

The group has total revenue from sales and services for the three-month period of Q3/2021 amounting of THB 414.00 million compared to THB 408.54 million, slightly higher than the same period last year by THB 5.46 million or 1.34%. In the same time, total revenue from sales and services for the nine-month period of Q3/2021 amounting of THB 1,204.70 million compared to THB 1,198.98 million of the same period last year, which increased by THB 5.72 million or 0.48%.

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

The group has revenue increased from fully recognized revenue from projects acquired during 2020 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 0.22 million for the three-month period of Q3/2021 and THB 6.42 million for the nine-month period.

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

The group has revenue from 7 solar farms in Japan total of 21.74 MW. Total revenue increased amounting of THB 4.81 million for the three-month period of Q3/2021 from lower rain compared to the same period last year. But revenue decreased amounting of THB 4.77 million for the nine-month period which has affect from high snow in early 2021.

- 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 decreased amounting of THB 0.16 million for the three-month period of Q3/2021 and increased amounting of THB 2.32 million for the nine-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

- 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 Q3/2021 amounting of THB 270.19 million compared to THB 258.76 million of the same period last year, increased by THB 11.43 million or 4.42%. In the same time, the cost of sales and services for the nine-month period amounting of THB 798.72 million compared to THB 758.76 million of the same period last year, which increased by THB 39.96 million or 5.27% 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 Q3/2021 amounting of THB 143.81 million, compared to THB 149.77 million of the same period last year, decreased by THB 5.96 million or 3.98%. Gross margin for the three-month period is 34.74% decreased from 36.66% of Q3/2020. While gross profit margin for the nine-month period of Q3/2021 amounting of THB 405.97 million, compared to THB 440.21 million of the same period last year, decreased by THB 34.24 million or 7.78%. Gross margin of Q3/2021 is 33.70% lower than Q3/2020 which shown 36.72%.

- Decrease in administrative expenses

Total administrative expenses for the three-month period of Q3/2021 amounting of THB 53.47 million compared to THB 59.83 million of the same period last year, decreased by THB 6.36 million or 10.63%. Total administrative expenses for the nine-month period of Q3/2021 amounting of THB 139.18 million compared to THB 219.64 million of the same period last year, decreased by THB 80.46 million or 36.63%. 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. The group has loss from exchange rate for the three-month period of Q3/2021 amounting of THB 48.40 million compared to THB 87.58 million of the same period last year, decreased by THB 39.18 million or 44.74%. In the same time, loss from exchange rate for the nine-month period of Q3/2021 amounting of THB 38.63 million compared to THB 158.69 million of the same period last year, decreased by THB 120.06 million or 75.66%.

- Increase in finance costs

Finance costs for the three-month period of Q3/2021 was THB 84.37 million, which decreased by THB 10.82 million or 11.37%, comparing to the same period last year. The decreasing mainly came from decrease in principal of long term loan. In the same time, finance costs for the nine-month period of Q3/2021 was THB 252.41 million, which decreased by THB 1.57 million or 0.63%, comparing to the same period last year.

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 September		Increase (Decrease)	
	2021	2020	Amount	%
For the three-month period				
Revenue	364.33	375.39	(11.06)	(2.95)
Cost and expenses	(107.41)	(108.24)	0.83	0.77
Net Profit	256.92	267.15	(10.23)	(3.83)
Share of Profit from Joint Ventures (60%)	154.15	160.29	(6.14)	(3.83)
For the nine-month period				
Revenue	1,167.78	1,156.77	11.01	0.95
Cost and expenses	(312.71)	(325.32)	12.61	3.88
Net Profit	855.07	831.45	23.62	2.84
Share of Profit from Joint Ventures (60%)	513.04	498.87	14.17	2.84

- Better and consistent performance of Joint ventures

Net profit of joint ventures for the three-month period of Q3/2021 amounting of THB 256.92 million compared to THB 267.15 million, decreased by THB 10.23 million or 3.83%. The amount of share of profit from joint ventures amounting to THB 154.15 million comparing to THB 160.29 million of the same period last year, decreased by THB 6.14 million or 3.83%.

For the nine-month period of Q3/2021, net profit of joint ventures amounting of THB 855.07 million compared to THB 831.45 million of the same period last year, increased by THB 23.62 million or 2.84%. The amount of share of profit from joint ventures amounting to THB 513.04 million comparing to THB 498.87 million of the same period last year, increased by THB 14.17 million or 2.84%. 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 Q3/2021, the profit attribute to owners amounting of THB 208.37 million compared to THB 71.12 million of the same period last year, increased by THB 137.25 million or 192.98%. For the nine-month period of Q3/2021, the profit attribute to owners amounting of THB 593.05 million compared to THB 320.03 million of the same period last year, increased by THB 273.02 million or 85.31%. Main increase came from gain from disposal of investment amounting of THB 101.15 million, also with 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 Q3/2021 amounting of THB 491.45 million compared to THB 355.49 million of the same period last year, increased by THB 135.96 million. The comprehensive income for the nine-month period of Q3/2021 amounting of THB 872.85 million compared to THB 805.71 million of the same period last year, which decreased by THB 67.14 million. Main changes came from gain from disposal of investment and exchange rate translation.

Please be informed accordingly.
Your sincerely,

- signed -

(Mr. Somphop Prompanapitak)
Chief Operating Officer