

No. TSE (PCL)006/02-2022

24 February 2022

Subject: Management discussion and analysis for the year ended 31 December 2021

To: The President  
The Stock Exchange of Thailand

The Board Meeting of Thai Solar Energy Public Company Limited ("the Company") held on 24 February 2022 resolved to approve the financial statement for the year ended 31 December 2021. The Company would like to inform Management Discussion and Analysis details as follow;

### **Management Discussion and Analysis for the year ended 31 December 2021**

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

In 2021, the group has revenue increased from Floating solar project which construction completed and start operation in May 2021 and revenue increased from fully recognized revenue from projects acquired during 2020 total of THB 20.99 million. In the same time, revenue decreased amounting of THB 19.83 million from 8.24 MW solar farms in Japan which is disposed during the year and decreased amounting of THB 10.21 million from Biomass projects. The group generated total revenue from sales and services for year 2021 amounting of THB 1,524.08 million, which decreased by THB 6.37 million or 0.42% compared to THB 1,530.45 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 2021 amounting of THB 1,075.24 million, which increased by THB 51.89 million or 5.07% compared to THB 1,023.35 million last year. The increase mainly due to fully recognized operation costs of new acquired projects and increase from operating costs of Biomass projects. The group's gross profit margin for 2021 was 29.45% which decreased from 33.13% in 2020.

Total administrative expenses for the year 2021 amounting of THB 348.77 million, which increased by THB 46.19 million or 15.26% compared to THB 302.58 million last year due to decrease in professional fee expenses. The company additionally recognized impairment loss of Thermal project assets amounting of THB 154.56 million, however, the impairment is considered as non-cash transaction and no effect to cash management.

In 2021, the group recognized increased in gain from disposal of investment amounting of THB 107.11 million, gain on loan restructuring amounting of THB 60.45 million and decreased in loss from exchange rate amounting of THB 20.18 million which is considered as non-cash transaction and no impact to operation. Therefore, other gains (losses) of the group increased amounting of THB 187.53 million.

Total finance costs for the year 2021 amounting of THB 338.32 million, which decreased by THB 2.41 million or 0.71% compared to THB 340.73 million which mainly from decrease in principal of long term loan.

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

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

*Financial Performance of joint ventures based on equity method*

Unit : THB million

Items	31 December		Increase (Decrease)	
	2021	2020	Amount	%
Revenues	1,546.99	1,500.35	46.64	3.11
Costs and expenses	(475.46)	(428.13)	(47.33)	(11.05)
Net Profit	1,071.53	1,072.22	(0.69)	(0.06)
Share of Profit from Joint Ventures (60%)	642.92	643.33	(0.41)	(0.06)

Net profit of joint ventures for the year 2021 amounting of THB 1,071.53 million, decreased by THB 0.69 million or 0.06% compared to THB 1,072.22 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 2021, the amount of share of profit from joint ventures amounting to THB 642.92 million, decreased by THB 0.41 million or 0.06%, comparing to THB 643.33 million last year. The decreasing mainly came from write off equipment amounting of THB 48.86 million in 2021, offset with better operation during the year.

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

According to the consolidated financial statement for the year 2021, the profit attribute to owners amounting of THB 492.71 million, increased by THB 71.28 million or 16.91% compared to THB 421.43 million last year. Main increase came from increase in other gains (losses) which comprised of gain from disposal of investment in subsidiaries in Japan amounting of THB 104.41 million also with non-cash transactions such as changes in unrealized gain (loss) from exchange rate and impairment of assets in 2021 amounting of THB 154.56 million.

Please be informed accordingly.  
Your sincerely,

- signed -

(Mr. Somphop Prompanapitak)  
Chief Operating Officer