

No. TSE (PCL)003/08-2022

11 August 2022

Subject: Management discussion and analysis quarter 2 ended 30 June 2022

To: The president
The Stock Exchange of Thailand

The Board Meeting of Thai Solar Energy Public Company Limited (“the **Company**”) held on 11 August 2022 resolved to approve the financial statement quarter 2 ended 30 June 2022. 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 2022

1. Revenue from Sales and Services

The group has total revenue from sales and services for the 3-month period of Q2/2022 amounting of THB 329.00 million compared to THB 419.30 million, slightly lower than the same period last year by THB 90.29 million or 21.53%. In the same time, total revenue from sales and services for the 6-month period of Q2/2022 amounting of THB 664.24 million compared to THB 790.70 million of the same period last year, which decreased by THB 126.46 million or 15.99%. (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 group has revenue decreased from solar farms in Japan which is disposed since Q3/2021 and Q1/2022 totaling 21.74 MW. At the same time, the group has revenue increased from Floating solar project which construction completed and start operation in May 2021

2. Cost of Sales and Expenses

The group has total cost of sales and services for the 3-month period of Q2/2022 amounting of THB 215.17 million compared to THB 258.73 million of the same period last year, decreased by THB 43.56 million or 16.84%. In the same time, the cost of sales and services for the 6-month period amounting of THB 446.67 million compared to THB 528.54 million of the same period last year, which decreased by THB 81.85 million or 15.49%. The decrease mainly from material costs of Biomass projects and operation costs of disposed projects during the year. For the 6-month period amounting of THB 446.67 million compared to THB 528.54 million of the same period last year,

The group has gross profit margin for the 3-month period of Q2/2022 of 34.60% which slightly decreased from 38.29% of the same period last year, for the 6-month period gross profit margin of 32.75% slightly decreased from 33.16% of the same period last year. The decrease mainly from disposed the solar farms in Japan projects during the year and offset with increased gross profit margin from the lower of material cost of Biomass projects during the year.

The group has total administrative expenses for the 3-month period of Q2/2022 amounting of THB 42.63 million, compared to THB 38.25 million of the same period last year, which increased by THB 4.38 million or 11.45%. For the 6-month period of Q2/2022 amounting of THB 120.41 million, compared to THB 85.70 million of the same period last year, which increased by THB 34.70 million or 40.49%. The mainly increased from professional fee related to disposal of solar farm projects during the year.

In during 6-month period 2022, the group recognized gain from disposal of investment amounting of THB 234.44 million and increased in loss from exchange rate amounting of THB 41.37 million which is considered as non-cash transaction and no impact to operation. Therefore, other gains (losses) of the group increased amounting of THB 193.07 million.

Total finance costs for the 3-month period of Q2/2022 amounting of THB 73.74 million, compared to THB 83.35 million of the same period last year, decreased by THB 9.61 million or 11.53%. In the same time, for the 6-month period of Q2/2022 amounting of THB 152.04 million, compared to THB 168.04 million of the same period last year, decreased by THB 16.00 million or 9.52%. The mainly decreased from finance costs of disposed projects.

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

Items	30 June		Increase (Decrease)	
	2022	2021	Amount	%
For the three-month period				
Revenue	407.58	390.62	16.96	4.34
Cost and expenses	(125.43)	(104.80)	20.63	19.69
Net Profit	282.15	285.82	(3.66)	(1.28)
Share of Profit from Joint Ventures (60%)	169.29	171.49	(2.20)	(1.28)
For the six-month period				
Revenue	817.21	803.45	13.76	1.71
Cost and expenses	(239.33)	(205.30)	34.03	16.58
Net Profit	577.88	598.15	(20.27)	(3.39)
Share of Profit from Joint Ventures (60%)	346.73	358.89	(12.16)	(3.39)

Net profit of joint ventures for the 3-month period of Q2/2022 amounting of THB 282.15 million compared to THB 285.82 million, decreased by THB 3.66 million or 1.28%. The amount of share of profit from joint ventures amounting to THB 169.29 million comparing to THB 171.49 million of the same period last year, decreased by THB 2.20 million or 1.28%.

For the 6-month period of Q2/2022, net profit of joint ventures amounting of THB 577.88 million compared to THB 598.15 million of the same period last year, decreased by THB 20.27 million or 3.39%. The amount of share of profit from joint ventures amounting to THB 346.73 million comparing to THB 358.89 million of the same period last year, decreased by THB 20.28 million or 3.39% due to increase in corporate income tax of the projects that gradually expired tax privileges from the Board of Investment under investment promotion certificates.

4. Profit attributable to Owners of the parent

According to the consolidated financial statement for the three-month period of Q2/2022, the profit attribute to owners amounting of THB 170.67 million compared to THB 182.12 million of the same period last year, decreased by THB 11.45 million or 6.29%. For the 6-month period of Q2/2022, the profit attribute to owners amounting of THB 509.61 million compared to THB 384.68 million of the same period last year, increased by THB 124.93 million or 32.48%. Main increase came from gain from disposal of investment in Q1/2022.

Please be informed accordingly.

Your sincerely,

- signed -

(Mr. Somphop Prompanapitak)

Chief Operating Officer

For more information, please contact Supporting Office Department
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