

No. TSE (PCL)029/10-2022

28 October 2022

Subject: Management discussion and analysis quarter 3 ended 30 September 2022

To: The president  
The Stock Exchange of Thailand

The Board Meeting of Thai Solar Energy Public Company Limited (“the Company”) held on 28 October 2022 resolved to approve the financial statement quarter 3 ended 30 September 2022. 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 2022**

#### **Significant event in Q3/2022**

On 7 July 2022, the group has acquired an operating solar farm in Nakhon Sawan province. The production capacity is 8 MW. The project receives a Feed-in Tariff system (FiT) amounting to Baht 5.66 for a period of 25 years commencing from commercial operation date (COD) and started operation since 2015 which is one of the growth strategies of the group that can be recognized revenue immediately.

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

The group has total revenue from sales and services for the three-month period of Q3/2022 amounting of THB 329 million compared to THB 419 million, slightly lower than the same period last year by THB 81 million or 20%. In the same time, total revenue from sales and services for the nine-month period of Q3/2022 amounting of THB 997 million compared to THB 1,205 million of the same period last year, which decreased by THB 208 million or 17%. (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. And in July 2022 the group has revenue increased from acquired an operating solar farm during the period.

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

The group has total cost of sales and services for the three-month period of Q3/2022 amounting of THB 217 million compared to THB 270 million of the same period last year, decreased by THB 53 million or 20%. In the same time, the cost of sales and services for the nine-month period amounting of THB 663 million compared to THB 799 million of the same period last year, which decreased by THB 135 million or 17%. The decrease mainly corresponding to lower number of projects while the material costs of Biomass projects that lower than the period last year.

The group has gross profit margin for the three-month period of Q3/2022 amounting of THB 116 million, compared to THB 144 million of the same period last year, decreased by THB 28 million or 19%. Gross margin for the three-month period is 35% which similarly to the same period last year which shown 35%. While gross profit margin for the nine-month period of Q3/2022 amounting of THB 334 million, compared to THB 406 million of the same period last year, decreased by THB 72 million or 18%. Gross margin of Q3/2022 is 33% similarly to Q3/2021 which shown 34%.

The group has total administrative expenses for the three-month period of Q3/2022 amounting of THB 43 million, compared to THB 53 million of the same period last year, which decreased by THB 11 million or 20%. For the nine-month period of Q3/2022 amounting of THB 163 million, compared to THB 139 million of the same period last year,

which increased by THB 24 million or 17%. The mainly increased from professional fee and legal fee related to disposal of solar farm projects during the year.

In during nine-month period 2022, the group recognized gain from disposal of investment amounting of THB 234 million, compared to THB 101 million of the same period last year, which increased by THB 133 million and decreased in loss from exchange rate amounting of THB 2 million which is considered as non-cash transaction and no impact to operation. Therefore, other gains (losses) of the group increased amounting of THB 135 million.

Total finance costs for the three-month period of Q3/2022 amounting of THB 79 million, compared to THB 84 million of the same period last year, decreased by THB 6 million or 7%. In the same time, for the nine-month period of Q3/2022 amounting of THB 231 million, compared to THB 252 million of the same period last year, decreased by THB 22 million or 9%. The mainly decreased from finance costs of disposed projects and usual repayment.

### 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	30 September		Increase (Decrease)	
	2022	2021	Amount	%
<b>For the 3-month period</b>				
Revenue	374	364	10	3
Cost and expenses	(127)	(107)	(20)	(19)
Net Profit	247	257	(10)	(4)
Share of Profit from Joint Ventures (60%)	148	154	(6)	(4)
<b>For the 9-month period</b>				
Revenue	1,191	1,168	23	2
Cost and expenses	(366)	(313)	(53)	(17)
Net Profit	825	855	(30)	(4)
Share of Profit from Joint Ventures (60%)	495	513	(18)	(4)

Net profit of joint ventures for the three-month period of Q3/2022 amounting of THB 247 million compared to THB 257 million, decreased by THB 10 million or 4%. The amount of share of profit from joint ventures amounting to THB 148 million comparing to THB 154 million of the same period last year, decreased by THB 6 million or 4%.

For the nine-month period of Q3/2022, net profit of joint ventures amounting of THB 825 million compared to THB 855 million of the same period last year, decreased by THB 30 million or 4%. The amount of share of profit from joint ventures amounting to THB 495 million comparing to THB 513 million of the same period last year, decreased by THB 18 million or 4%. The revenue from joint ventures are consistency and net profit slightly decrease from 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 Q3/2022, the profit attribute to owners amounting of THB 121 million compared to THB 208 million of the same period last year, decreased by THB 87 million or 42%. Main decrease came from gain from disposal of investment in Q3/2021. For the nine-month period of Q3/2022, the profit attribute to owners amounting of THB 631 million compared to THB 593 million of the same period last year, increased by THB 38 million or 6%. 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