

No. TSE(PCL)027/02-2023

23 February 2023

Subject: Management discussion and analysis for the year ended 31 December 2022

To: The President
The Stock Exchange of Thailand

The Board Meeting of Thai Solar Energy Public Company Limited (“the Company”) held on 23 February 2023 resolved to approve the financial statement for the year ended 31 December 2022. The Company would like to inform Management Discussion and Analysis details as follow;

Management Discussion and Analysis for the year ended 31 December 2022

1. Revenue from Sales and Services

In 2022, the group has revenue from sale and services increased from acquired an operating solar farm in Nakhon Sawan province during the year and increased from full year operated and recognized revenue from Floating solar project which construction completed and start operation during 2022. In the same time, the revenue decreased from solar farms in Japan which is disposed since Q3/2021 and Q1/2022 resulting to the total revenue from sales and services for year 2022 amounting of THB 1,315 million, which decreased by 14% compared to THB 1,524 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 2022 amounting of THB 893 million, which decreased by THB 182 million or 17% compared to THB 1,075 million last year. The decrease mainly due to the divestment solar farm projects in Japan. In addition, decrease from effective cost control O&M policy and cost of raw materials of Biomass projects. The group’s gross profit margin for 2022 was 32% which increased from 29% that represent an effective cost management of the group.

Total administrative expenses for the year 2022 amounting of THB 227 million, which decreased by THB 122 million or 35% compared to THB 348 million last year. The main reason was decreasing the recognition of impairment losses of Solar thermal power plant project in year 2021 amounting of THB 155 million while in this year 2022 was not recognized loss. In addition, there were a professional fee and legal fee expense relate to the divestment during the year.

In 2022, the group recognized in gain from divestment amounting of THB 234 million, which increased by THB 130 million compared to THB 104 million last year. There was a loss from exchange rate amounting of THB 21 million. Then, the group has other gains (losses) amounting of THB 213 million, which increased by THB 126 million.

Total finance costs for the year 2022 amounting of THB 328 million, which decreased by THB 10 million or 3% compared to THB 338 million which mainly decrease from repayment of divestment projects and usual repayment the 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)	
	2022	2021	Amount	%
Revenues	1,622	1,547	75	4.8
Costs and expenses	(542)	(475)	67	14.1
Net Profit	1,080	1,072	8	0.7
Share of Profit from Joint Ventures (60%)	648	643	5	0.7

Net profit of joint ventures for the year 2022 amounting of THB 1,080 million, decreased by THB 8 million or 0.7% compared to THB 1,072 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 2022, the amount of share of profit from joint ventures amounting to THB 648 million, increased by THB 5 million or 0.7%, comparing to THB 643 million last year. The increasing mainly came from consistently good performance and cost control.

4. Profit attributable to Owners of the parent

According to the consolidated financial statement for the year 2022, the profit attribute to owners amounting of THB 724 million, increased by THB 231 million or 47% compared to THB 493 million last year. Main increase came from increase in other gains (losses) which comprised of gain from disposal of investment in subsidiaries in Japan, net increased by THB 126 million and non-cash transactions such as impairment of assets which recognized in 2021 amounting of THB 155 million.

Please be informed accordingly.
Your sincerely,

- signed -

(Mr. Somphop Prompanapitak)
Chief Operating Officer