

No. TSE(PCL)016/05-2023

11 May 2023

Subject: Management discussion and analysis quarter 1 ended 31 March 2023

To: The President

The Stock Exchange of Thailand

The Board Meeting of Thai Solar Energy Public Company Limited (“the Company”) held on 11 May 2023 resolved to approve the financial statement quarter 1 ended 31 March 2023. The Company would like to inform Management Discussion and Analysis details as follow;

Management Discussion and Analysis for the 3-month period ended 31 March 2023

Significant Events in Q1/2023 – Present

- On April 5, 2023, Thai Solar Energy Public Company Limited and 2 subsidiaries have been awarded as renewable energy power producers and supplier to Thai Government according to the notification of the Energy Regulatory Commission from renewable energy sources under the Feed-in Tariff (FiT) scheme 2022-2030 for the power plants with no fuel costs B.E. 2565 (2022) for 7 projects with total capacity of 88.66 MW. There are 2 Solar SPP projects, 4 Solar VSPP projects and 1 Solar + BESS project.
- The subsidiary of the company has invested construction of Solar Farms named Onikoube project in Japan with a contracted installed power generating capacity of 147 MW. and contracted Selling capacity of 133 MW. to Tohoku Electric Power Co., Inc. for a period of 20 years, with Feed-in-Tariff (FIT) of 36 JPY per kilowatt-hour. has started Commercial Operation Date (COD) on 10 May 2023 and, as such, the Company will realize additional revenue from the project from such date immediately in Q2/2023 which has driven the company has stabilized performance growth.

1. Revenue from Sales and Services

The group generated total revenue from sales and services of Q1/2023 amounting of THB 345.9 million, which decreased by THB 10.7 million or 3.2% compared to THB 335.2 million of the same period 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).

The group has revenue decreased from solar farms in Japan which is divest in Q1/2022, however the group has revenue from acquire the new Solar farm, SOILCRETE that selling capacity 8 MW which start recognized revenue and profit since Q2/2022.

2. Cost of Sales and Expenses

Total cost of sales and services of Q1/2023 amounting of THB 214.5 million, which decreased by THB 17.0 million or 7.3% compared to THB 231.5 million of the same period last year. The decrease mainly from the divestment Solar farm in Japan and effective cost control O&M and cost of raw materials of Biomass projects. Result in the increase of gross profit margin of 38.0% in Q1/2023 compared to 30.9% or 7.1% in Q1/2022.

Total administrative expenses of Q1/2023 amounting of THB 57.0 million, which decreased by THB 77.8 million or 26.7% compared to THB 20.8 million of the same period last year. The decrease mainly from professional fee related to disposal of solar farm project in Q1/2022.

Other gains (losses) of Q1/2023 amounting of THB 35.9 million, which decreased by THB 179.2 million compared to THB 215.1 million of the same period last year due to Q1/2022 has gain from the divestment of solar farm project in Japan and gains (losses) on exchange rate.

Total finance costs of Q1/2023 amounting of THB 89.0 million, which increased by THB 10.7 million or 13.7% compared to THB 78.3 million of the same period last year due to the interest rate slightly increase since end of 2022.

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 March		Increase (Decrease)	
	2023	2022	Amount	%
Revenue	461.3	409.6	51.7	12.6
Cost and expenses	(136.3)	(113.9)	(22.4)	(19.7)
Net Profit	325.0	295.7	29.3	9.9
Share of Profit from Joint Ventures (60%)	195.0	177.4	17.6	9.9

Net profit of joint ventures of Q1/2023 amounting of THB 325.0 million, increased by THB 29.3 million or 9.9% compared to THB 295.7 million of the same period last year.

Net profit from joint ventures would be categorized by the equity method in terms of share of profit from joint ventures. In Q1/2023, the amount of share of profit from joint ventures amounting to THB 195.0 million, increased by THB 17.6 million or 9.9%, comparing to THB 177.4 million of the same period last year. Due to the announcement to increase the Fuel Adjustment Charge (Ft) of The Energy Regulatory Commission (ERC)

4. Profit attributable to Owners of the parent

According to the consolidated financial statement of Q1/2023, the profit attribute to owners amounting of THB 233.3 million decreased from the same period last year as THB 338.9 million, decreased by THB 105.6 million or 31.2% due to Q1/2022 there was a recognition of extraordinary profit from divestment Solar farm in Japan amounting to 234.4.

However, exclude the extraordinary profit from divestment in Q1/2022, the group has profit attribute to owners amounting of THB 104.54 million in Q1/2022. As comparable with Q1/2023 that increasing by THB 128.7 million or 123%. Mainly due to the group has acquire the new Solar farm, SOILCRETE that selling capacity 8 MW since Q2/2022, decreased in cost of sales from effective cost control O&M and cost of raw materials of Biomass projects as a result of total cost of sales are decreased. Also increased in share of profit from investment in Joint Ventures and others that due to the announcement to increase the Fuel Adjustment Charge

Please be informed accordingly.
Your sincerely,

- signed -

(Mr. Somphop Prompanapitak)
Chief Operating Officer

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