

No. TSE(PCL)002/08-2023

10 August 2023

Subject: Management discussion and analysis quarter 2 ended 30 June 2023

To: The President

The Stock Exchange of Thailand

The Board Meeting of Thai Solar Energy Public Company Limited (“the Company”) held on 10 August 2023 resolved to approve the financial statement quarter 2 ended 30 June 2023. The Company would like to inform Management Discussion and Analysis details as follow;

Management Discussion and Analysis for the 3-month period and 6-month period ended 30 June 2023

1. Revenue from Sales and Services

The group generated total revenue from sales and services for the 3-month period of Q2/2023 amounting of THB 483.2 million, increased by THB 154.2 million or 46.9% compared to THB 329.0 million of the same period last year. In the same time, the group generated total revenue from sales and services for the 6-month period of Q2/2023 amounting of THB 829.1 million, increased by THB 164.9 million or 24.8% compared to THB 664.2 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 increased from revenue from new commercial operation date (COD) solar farm in Japan, Onikoube that selling capacity 133 MW which start recognized revenue and profit since Q2/2023.

2. Cost of Sales and Expenses

The group has total cost of sales and services for 3-month period of Q2/2023 amounting of THB 291.0 million, increased by THB 75.8 million or 35.2% compared to THB 215.2 million of the same period last year. In the same time, the group has total cost of sales and services for the 6-month period of Q2/2023 amounting of THB 505.5 million, increased by THB 58.8 million or 13.2% compared to THB 446.7 million of the same period last year.

The increase mainly from the new commercial operation date (COD) solar farm in Japan, Onikoube. Result in the decrease of gross profit margin for 3-month period of Q2/2023 of 39.8% which increased 5.2% from 34.6% of the same period last year, for the gross profit margin for 6-month period of Q2/2023 of 39.0% which also increased 6.2% from 32.8% of the same period last year.

The group has total administrative expenses for 3-month period of Q2/2023 amounting of THB 157.9 million, increased by THB 115.3 million or 270.5% compared to THB 42.6 million of the same period last year. In the same time, the group has total administrative expenses for the 6-month period of Q2/2023 amounting of THB 214.9 million, increased by THB 94.5 million or 78.5% compared to THB 120.4 million of the same period last year. The increase mainly from the new commercial operation date (COD) solar farm in Japan, Onikoube.

The group has other gains (losses) for 3-month period of Q2/2023 amounting of THB 22.5 million, increased by THB 17.2 million or 324.5% compared to THB 5.3 million of the same period last year due to Q2/2022 has losses on exchange rate. The group has other gains (losses) for 6-month period of Q2/2023 amounting of THB 58.4 million, which decreased by THB 162.0 million or 73.5% compared to THB 220.4 million of the same period last year because Q1/2022 there was a recognition of extraordinary profit from divestment Solar farm in Japan amounting to 234.4 million.

The group has total finance costs for 3-month period of Q2/2023 amounting of THB 112.0 million, increased by THB 38.3 million or 52.0% compared to THB 73.7 million of the same period last year. The group has total finance costs for 6-month period of Q2/2023 amounting of THB 201.0 million, increased by THB 49.0 million or 32.2% compared to THB 152.0 million of the same period last year due to the interest rate slightly increase since end of 2022

In 2023, the Monetary Policy Committee (MPC) has raised the policy rate by 0.25 percent per year, a total of 3 times.

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	Unit : THB million			
	30 June		Increase (Decrease)	
	2023	2022	Amount	%
3-month period				
Revenue	452.3	407.6	44.7	11.0
Cost and expenses	(129.5)	(125.4)	4.1	3.3
Net Profit	322.8	282.1	40.7	14.4
Share of Profit from Joint Ventures (60%)	193.7	169.3	24.4	14.4
6-month period				
Revenue	914.0	817.2	96.8	11.8
Cost and expenses	(266.1)	(239.3)	26.9	11.0
Net Profit	647.8	577.9	69.9	12.1
Share of Profit from Joint Ventures (60%)	388.7	346.7	42.0	12.1

Net profit of joint ventures for 3-month of Q2/2023 amounting of THB 322.8 million, increased by THB 40.7 million or 14.4% compared to THB 282.1 million of the same period last year. Net profit from joint ventures amount would be categorized by the equity method terms of share of profit from joint ventures. Therefore, the group has share of profit from joint ventures for 3-month of Q2/2023 amounting of THB 193.7 million, increased by THB 24.4 million or 14.4% compared to THB 169.3 million.

And net profit of joint ventures for 6-month of Q2/2023 amounting of THB 647.8 million, increased by THB 69.9 million or 2.1% compared to THB 577.9 million of the same period last year. And the group has share of profit from joint ventures for 6-month of Q2/2023 amounting of THB 388.7 million, increased by THB 42.0 million or 12.1% compared to THB 346.7 million. 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 for the 3-month period of Q2/2023, the profit attribute to owners amounting of THB 152.2 million, decreased by THB 18.5 million or 10.8% compared to THB 170.7 million of the same period last year.

For 6-month period of Q2/2023, the profit attribute to owners amounting of THB 385.5 million, decreased by THB 124.1 million or 24.4% compared to THB 509.6 million of the same period last year. Because there was a recognition of extraordinary profit from divestment Solar farm in Japan amounting to 234.4 million in Q1/2022. However, exclude the extraordinary profit from divestment in Q1/2022, the group has profit attribute to owners for 6-month of Q2/2022 amounting of THB 275.2 million. As comparable with 6-month of Q2/2023 that increasing by THB 110.3 million or 40.1%.

Moreover, the increased profits mainly from the revenue recognition of the new commercial operation date (COD) solar farm in Japan, Onikoube that selling capacity 133 MW which start recognized revenue and profit since Q2/2023 and from the increased in share of profit from investment in Joint Ventures and others that due to the announcement to increase the Fuel Adjustment Charge (Ft).

Please be informed accordingly.
Your sincerely,

- signed -

(Mr. Somphop Prompanapitak)
Chief Operating Officer