

10 May 2021

Subject: Management Discussion and Analysis for the year ended 31 March 2021

 To: The President
 The Stock Exchange of Thailand

SAAM Energy Development Public Company Limited (the "Company") would like to provide explanation and analysis regarding financial performance and position for the year ended 31 March 2021 as follows.

Financial performance

Statement of income	Consolidated Financial Statements for					
	3-Month Period Ended 31 March 2021 (Unaudited but reviewed)		3-Month Period Ended 31 March 2020 (Unaudited but reviewed)		Change Increase (Decrease)	
	THB Million	%	THB Million	%	THB Million	%
Revenues						
Service and rental income	13.73	68.87%	13.73	66.67%	-	-
Sales income	4.92	24.69%	4.77	23.18%	0.15	3.12%
Other income	0.34	1.73%	0.25	1.23%	0.09	35.97%
Gain on exchange rate	0.94	4.71%	1.84	8.92%	(0.90)	(48.91%)
Total revenues	19.94	100.00%	20.60	100.00%	(0.66)	(3.20%)
Expenses						
Cost of service and rental	3.14	15.74%	3.32	16.11%	(0.18)	(5.37%)
Cost of sales	1.57	7.88%	1.56	7.56%	0.01	0.90%
Selling and service expenses	0.06	0.28%	0.05	0.26%	0.00	1.85%
Administrative expenses	4.09	20.50%	5.47	26.53%	(1.38)	(25.22%)
Total expenses	8.85	44.40%	10.39	50.47%	(1.54)	(14.83%)
Profit before finance cost and income tax expenses	11.08	55.60%	10.20	49.53%	0.88	8.65%
Finance cost	0.85	4.24%	1.04	5.03%	(0.19)	(18.26%)
Profit before income tax expenses	10.24	51.35%	9.17	44.51%	1.07	11.68%
Income tax expenses	1.12	5.60%	1.84	8.93%	(0.72)	(39.26%)
Profit for the period	9.12	45.75%	7.33	35.58%	1.79	24.47%
Profit for equity holders of the Company	9.12	45.75%	7.35	35.71%	1.77	24.04%
Profit for non-controlling interests of the subsidiaries	(0.00)	(0.01%)	(0.03)	(0.13%)	0.03	(96.15%)

Revenue

Total revenues from operation of SAAM Group consist of (1) revenues from provision of service and rental including the procurement of project site location and rendering of asset and equipment security and cleaning services to clients who operate 17 solar power projects in Thailand, and (2) revenues from the sale of electricity from its own solar power project operated by its direct subsidiary.

In Quarter 1 of 2021, revenues are THB 19.94 million, a THB 0.66 million or 3.20% decrease from the same period of the previous year (In Quarter 1 of 2020: THB 20.60 million) mainly due to the decrease in gain on exchange rate from changes in exchange rate as SAAM Group has equipment deposit asset in US Dollar currency.

- Service income and rental income

In Quarter 1 of 2021, SAAM Group's service and rental income, representing stable income generation from long-term contracts with customers operating solar power projects in Thailand, amounted to THB 13.73 million, representing 68.87% of total revenue (Quarter 1 of 2020: THB 13.73 million).

- Sales income

SAAM Group's income from sale of electricity is generated from a 2.0 MW solar power project in Thailand which is operated by SAAM-SP1. In 2021, electricity sales are THB 4.92 million, representing 24.69% of total revenue, reflecting a THB 0.15 million or 3.12% increase from the same period of the previous year (Quarter 1 of 2020: THB 4.77 million), which is line with the greater irradiation.

- Other income

In Quarter 1 of 2021, other income amounted to THB 0.34 million, a THB 0.09 million or 35.97% increase from the same period of the previous year (Quarter 1 of 2020: THB 0.25 million). Other income mainly includes interest income and consultation income, with the increase being mainly attributable to unrealized gain from fair value of derivatives related to long-term loan with financial institution.

- Gain on exchange rate

In Quarter 1 of 2021, other income amounted to THB 0.94 million, a THB 0.90 million or 48.91% decrease from the same period of the previous year (Quarter 1 of 2020: THB 1.84 million), the decrease of which is mainly due to changes in exchange rate as SAAM Group has equipment deposit asset in US Dollar currency.

Expenses

Cost of sales and services

Cost of sales and services consists of cost of sales from renewable energy investment business, cost of services and rental from project site procurement and rendering of related services business, and renewable energy project development. In Quarter 1 of 2021, cost of sales and services amounted to THB 4.71 million, reflecting a THB 0.16 million or 3.36% decrease from the same period of the previous year (Quarter 1 of 2020: THB 4.88 million).

Consolidated financial statements Cost of sales and services	3-Month Period Ended 31 March 2021 (Unaudited but reviewed)		3-Month Period Ended 31 March 2020 (Unaudited but reviewed)		Change Increase (Decrease)	
	THB million	%	THB million	%	THB million	%
	Cost of services and rental – provision of services and development of renewable energy projects	3.14	66.63%	3.32	68.04%	(0.18)
Cost of sales – sale of electricity	1.57	33.37%	1.56	31.96%	0.01	0.90%
Total	4.71	100.00%	4.88	100.00%	(0.16)	(3.36%)

- Cost of services and rental

Cost of services and rental mainly consists of (1) cost of security and cleaning services within site location such as the cleaning of solar panels, cutting grass, maintenance of equipment, and costs related to renewable energy project development overseas, (2) land rental for solar projects operating under SAAM, SAAM-1, SAAM-2, and SAAM-3, and (3) depreciation expense for buildings and equipment. In Quarter 1 of 2021, cost of services and rental amounted to THB 3.14 million, a THB 0.18 million or 5.37% decrease from the same period of the previous year (Quarter 1 of 2020: THB 3.32 million) as SAAM Group has THB 0.25 million decrease in cost of security service.

- Cost of sales

Cost of sales related to generation and distribution of electricity under SAAM-SP1 mainly includes (1) depreciation expense for the solar power project, (2) operation and maintenance, and (3) other costs such as utility expenses, insurance, and power development fund. In Quarter 1 of 2021, costs of sales amounted to THB 1.57 million, a THB 0.01 million or 0.90% increase from the same period of the previous year (Quarter 1 of 2020: THB 1.56 million).

In Quarter 1 of 2021, SAAM Group's gross profit amounted to THB 13.94 million, representing gross profit margin of 74.75%, a THB 0.31 million or 2.30% increase from the same period of the previous year (Quarter 1 of 2020: THB 13.63 million) mainly due to the increased income from sale of electricity solar power project in Thailand and decreased cost of services and rental.

Selling and administrative expenses

- Selling and service expenses

In Quarter 1 of 2021, selling expenses amounted to THB 0.06 million, a THB 0.00 million or 1.85% increase from the same period of the previous year (Quarter 1 of 2020: THB 0.05 million). Selling expense includes commission expenses for land procurement, coordination in relation to services provided in solar power projects in Thailand in which SAAM Group provides services for its clients and customer service in development of renewable energy projects.

- Administrative expenses

In Quarter 1 of 2021, administrative expenses amounted to THB 4.09 million, a THB 1.38 million or 25.22% decrease from the same period of the previous year (Quarter 1 of 2020: THB 5.47 million). Administrative expenses mainly include salary, employee and management benefits, office rental, travel expenses, and professional fees. In Quarter 1 of 2021, the decrease in administrative expenses is mainly due to (1) THB 0.62 million decrease from accounting and audit fees, (2) THB 0.36 million decrease from professional fees, and no unrealized loss on fair value of derivatives.

Finance cost

In Quarter 1 of 2021, finance costs amounted to THB 0.85 million, a THB 0.19 million or 18.26% decrease from the same period of the previous year (Quarter 1 of 2020: THB 1.04 million) following repayment of loans.

Net profit

In Quarter 1 of 2021, SAAM Group's net profit amounted to THB 9.12 million, a THB 1.79 million or 24.47% increase from the same period of the previous year (Quarter 1 of 2020: THB 7.33 million), mainly due to increased income from sale of electricity solar power project in Thailand amounting to THB 0.15 million, Moreover, SAAM Group has decreased administrative expenses amounting to THB 1.38 million, decreased finance costs amounting to THB 0.19 million and decreased income tax expense amounting to THB 0.72 million.

Financial position

Financial Position	Consolidated financial statements					
	As of 31 March 2021 (Unaudited but reviewed)		As of 31 December 2020 (Audited)		Change Increase (Decrease)	
	THB million	%	THB million	%	THB million	%
Total assets	412.03	100.00%	409.74	100.00%	2.29	0.56%
Total liabilities	110.32	26.78%	116.82	28.51%	(6.50)	(5.56%)

Financial Position	Consolidated financial statements					
	As of 31 March 2021 (Unaudited but reviewed)		As of 31 December 2020 (Audited)		Change Increase (Decrease)	
	THB million	%	THB million	%	THB million	%
Total shareholders' equity	301.71	73.22%	292.92	71.49%	8.79	3.00%

Assets

At the end of Quarter 1 of 2021, SAAM Group presented total assets of THB 412.03 million, mainly comprising property, plant and equipment (PPE) including solar power project and land under its subsidiary, and investment properties including project land used as site location for clients' solar power projects. Total assets increased by THB 2.29 million or 0.56% from the end of the previous year (end of 2020: THB 409.74 million) mainly due to increase in cash of THB 3.45 million from operating profits as reflected in the value of cash and cash equivalents and temporary investment.

Liabilities

At the end of Quarter 1 of 2021, SAAM Group presented total liabilities of THB 110.32 million, mostly comprising of long-term loans from a financial institution for SAAM-SP1 solar power project and SAAM-3 land purchase, and trade and other payables. Total liabilities decreased by THB 6.50 million or 5.56% from the end of the previous year (end of 2020: THB 116.82 million) mainly due to decrease in long-term loans from financial institutions of THB 4.93 million and liabilities under lease agreements of THB 1.26 million.

Shareholders' equity

At the end Quarter 1 of 2021, SAAM Group presented total shareholders' equity of THB 301.71 million, a THB 8.79 million or 3.00% increase from the end of the previous year (end of 2021: THB 292.92 million) mainly due to the Company's generation of net profit.

Please be informed accordingly,

Yours sincerely,

Mr. Podduang Kongkamee
Chief Executive Officer