

8th November 2024

Subject: Management Discussion and Analysis for the 3-month and the 9-month periods ended 30th September 2024

To: The President
The Stock Exchange of Thailand

SAAM Development Public Company Limited (the “Company”) would like to provide explanation and analysis regarding financial performance and position for the period ended 30th September 2024 of the Company and the subsidiaries (the “Group”) as follows:

(1) Financial Performance of the Group

Consolidated financial statements (Unit: THB million)	3M		Change		3M		Change		9M 2024	9M 2023	Change	
	Q3/24	Q2/24	QoQ	%	Q3/23	YoY	%	YTD			%	
Revenues												
Sales income	4.16	4.63	(0.47)	(10.13)	4.16	0.00	0.02	13.52	13.43	0.09	0.71	
Service and rental income	13.44	13.43	0.01	0.04	13.44	0.00	0.00	40.31	40.31	0.00	0.00	
Net gain on exchange rate	-	-	-	-	-	-	-	-	-	-	-	
Other income	0.47	0.34	0.13	39.41	0.23	0.24	101.70	0.97	0.69	0.28	40.17	
Total revenues	18.07	18.40	(0.33)	(1.79)	17.83	0.24	1.35	54.80	54.43	0.37	0.69	
Expenses												
Cost of sale	1.56	1.53	0.03	1.83	1.55	0.01	0.65	4.66	4.61	0.05	1.00	
Cost of service and rental	3.33	3.19	0.14	4.48	3.08	0.25	8.28	9.93	9.39	0.54	5.76	
Selling and service expenses	0.04	0.04	-	5.00	0.04	-	0.00	0.13	0.13	-	0.00	
Administrative expenses	6.29	6.08	0.21	3.39	4.74	1.55	32.70	18.60	15.71	2.89	18.46	
Net loss on exchange rate	3.00	0.06	2.94	4,901.67	0.93	2.07	222.34	2.48	0.77	1.71	222.47	
Total expenses	14.22	10.90	3.32	30.46	10.34	3.88	37.58	35.80	30.61	5.19	16.99	
Profit from operating activities	3.85	7.50	(3.65)	(48.65)	7.49	(3.64)	(48.62)	19.00	23.82	(4.82)	(20.26)	
Share of loss of associate from using equity method	0.06	0.67	(0.61)	(90.90)	0.57	(0.51)	(89.30)	1.16	1.60	(0.44)	(27.93)	
Finance cost	0.66	0.68	(0.02)	(3.68)	0.70	(0.04)	(6.56)	2.02	2.04	(0.02)	(0.93)	
Profit before income tax expenses	3.13	6.15	(3.02)	(49.02)	6.22	(3.09)	(49.63)	15.82	20.18	(4.36)	(21.60)	
Income tax expenses	1.56	1.24	0.32	25.81	1.08	0.48	44.18	5.27	3.07	2.20	71.84	
Profit for the period	1.57	4.91	(3.34)	(67.92)	5.14	(3.57)	(69.37)	10.55	17.11	(6.56)	(38.35)	
Profit for equity holders of the Company	1.57	4.91	(3.34)	(67.92)	5.14	(3.57)	(69.36)	10.55	17.11	(6.56)	(38.35)	
Profit for non-controlling interests of the subsidiaries	0.00	0.00	(0.00)	(6.32)	0.00	(0.00)	(67.64)	0.00	0.00	(0.00)	(67.14)	

Revenue

Total revenues from operation of SAAM Group consist of

- (1) Sales income from the sale of electricity from its own solar power project operated by its direct subsidiary, and

- (2) Service and rental income from project site procurement and provision of related services within solar power projects which SAAM Group provides to client who operates 17 solar power projects in Thailand

For the 9-month period ended 30th September 2024, the Group's total revenues amounting to THB 54.80 million, a THB 0.37 million or 0.69% increase from the same period of the previous year (for the 9-month period ended 30th September 2023: THB 54.43 million) mainly due to the subsidiary's revenue from sale of electricity recognition which is varied in line with the irradiation quantity at different time of the year, while as an increase in other income, which mainly comprised of interest income and consultation income.

○ **Sales income**

The Group's income from electricity sales, generated by its solar power plant project in Thailand under SAAM-SP1, saw a **quarter-on-quarter (QoQ) decrease of 10.13%**, from THB 4.63 million to THB 4.16 million, representing a reduction of THB 0.47 million. **On a year-on-year (YoY) basis, revenue showed a slight increase of 0.02%**. This fluctuation in sales income aligns with changes in solar irradiance levels during the comparative periods.

○ **Service and rental income**

The Group's service and rental income comprises fixed compensation throughout the contract term for providing services to clients of solar power plant projects in Thailand under long-term agreements.

Expenses

The Group's cost of sales and services comprises of:

- (1) The cost of sales from renewable energy investment business, and
- (2) The cost of services and rental, which includes Expenses related to site procurement, associated services within renewable energy power plant projects, Renewable energy project development for sale business, and Renewable energy project development in accordance with client's requirements business.

For the 9-month period ended 30th September 2024, cost of sales and services at THB 14.59 million, marking an increase of THB 0.59 million, or 4.19%, compared to the same period last year (9-months ended 30th September 2023: THB 14.00 million).

Consolidated financial statements Cost of sales and services (Unit: THB million)	3M Q3/24	3M Q2/24	Change		3M Q3/23	Change		9M 2024	9M 2023	Change	
			QoQ	%		YoY	%			YTD	%
Cost of sales – sale of electricity	1.56	1.53	0.03	1.83	1.55	0.01	0.65	4.66	4.61	0.05	1.00
Cost of services and rental – provision of services and development of renewable energy projects	3.33	3.19	0.14	4.48	3.08	0.25	8.28	9.93	9.39	0.54	5.76
Total	4.89	4.72	0.17	3.62	4.63	0.26	5.73	14.59	14.00	0.59	4.19

○ **Cost of sales**

The cost of sales primarily encompasses key expenses associated with the production and sale of electricity for the SAAM-SP1 solar power project, including: (1) Depreciation of the power plant, (2) Operational and maintenance costs for the power plant, and (3) Other expenses, such as utility expenses, insurance premiums, and power development fund expense. The cost of sales **increased by 1.83% quarter-on-quarter (QoQ)**, from THB 1.53 million to THB 1.56 million, reflecting an increase of THB 0.03 million. **Year-on-year (YoY), it rose by 0.65%**, from THB 1.55 million to THB 1.56 million, marking a THB 0.01 million increase.

○ **Cost of services and rental**

Cost of services and rental primarily includes: (1) Cost of the provision of related services within solar power projects which SAAM Group provides to client, and costs related to renewable energy project development overseas, (2) Land rental for site procurement services under SAAM, specifically for SAAM-1, SAAM-2, and SAAM-3 solar power projects; and (3) Depreciation of buildings and associated equipment within the project sites. Cost of service and rental **increased by 4.48% quarter-on-quarter (QoQ)**, rising from THB 3.19 million to THB 3.33 million, an increase of THB 0.14 million. **Year-on-year (YoY), it rose by 8.28%**, from THB 3.08 million to THB 3.33 million, reflecting an increase of THB 0.25 million.

Gross profit

For the 9-month period ended 30th September 2024, the Group recorded a gross profit of THB 39.24 million, a decline of THB 0.49 million or 1.24%, compared to the same period in the previous year (9 months period ended 30th September 2023: THB 39.74 million). This corresponds to a gross profit margin of 72.90% of operating revenue, a decrease of 1.05% from the prior-year period (9 months ending 30th September 2023: 73.95%), primarily due to a modest rise in the cost of sales and services.

Quarter-on-quarter (QoQ), gross profit fell by 4.75%, from THB 13.34 million to THB 12.71 million, a reduction of THB 0.63 million, while **the gross profit margin dropped by 1.66%**, from 73.86% to 72.21%, largely due to a decrease in electricity sales linked to lower solar irradiance levels during the period. **Year-on-year (YoY), gross profit dropped by 2.04%**, from THB 12.97 million to THB 12.71 million, a decrease of THB 0.26 million. **The gross profit margin fell by 1.50% (YoY)**, from 73.71% to 72.21%, mainly due to a slight increase in the cost of sales and services.

○ **Administrative expenses**

For the 9-month period ended 30th September 2024, the Group's primary administrative expenses included salary, employee and management benefits, office rent, travel expenses, and professional fees, among others. Administrative expenses **increased by 3.39% quarter-on-quarter (QoQ)**, from THB 6.08 million to THB 6.29 million, an increase of THB 0.21 million. **Year-on-year (YoY), administrative expenses rose by 32.70%**, from THB 4.74 million to THB 6.29 million, an increase of THB 1.55 million.

This increase was primarily due to higher expenses related to salaries, wages, employee benefits, and welfare.

○ **Net loss on exchange rate**

Net loss on exchange rate resulted from unrealized fluctuations in exchange rates on assets such as deposits and equipment denominated in US dollars, bank balances in Hong Kong dollars and Japanese yen (for foreign subsidiaries), as well as transactions related to the development of renewable energy projects denominated in Japanese yen. During Q3 of 2024, the Thai Baht appreciated against the Japanese yen (JPY/THB) compared to both the Q2 of 2024 and the end of 2023, leading to a foreign exchange loss of THB 3.00 million in Q3 2024. For the first 9 months of 2024, the Group incurred a total foreign exchange loss of THB 2.48 million.

Net profit

For the 9-month period ended 30th September 2024, the Group's reported a net profit of THB 10.55 million, a decrease of THB 6.56 million or 38.35%, compared to the same period last year (9 months ended 30th September 2023: THB 17.11 million). This decline was primarily due to an increase in administrative expenses, as previously mentioned, along with a net foreign exchange loss and higher income tax expenses for the subsidiary resulting from the expiration of tax exemptions granted by the Board of Investment (BOI).

Quarter-on-quarter (QoQ), net profit decreased by 67.92%, from THB 4.91 million to THB 1.57 million, a decline of THB 3.34 million. **Year-on-year (YoY), net profit dropped by 69.37%**, from THB 5.14 million to THB 1.57 million, a decrease of THB 3.57 million. The primary cause of this decline was the net foreign exchange loss.

(3) Financial Position

Financial Position	Consolidated financial statements					
	As of 30 th September 2024 (Unaudited but reviewed)		As of 31 st December 2023 (Audited)		Change Increase (Decrease)	
	THB million	%	THB million	%	THB million	%
Total assets	499.71	100.00	505.26	100.00	(5.55)	(1.10)
Total liabilities	84.42	16.89	92.86	18.38	(8.44)	(9.09)
Total shareholders' equity	415.29	83.11	412.40	18.62	2.89	0.70

Assets

As of 30th September 2024, total assets amounted to THB 499.71 million, with key assets consisting of property, plant, and equipment (PPE), primarily comprising solar power plants and the land on which the Group's subsidiary projects are located. Additionally, investment properties, which include land used as the site for customer power plant projects serviced by the Group, are included. Total assets decreased by THB 5.55 million, or 1.10%, from the end of the previous year (end of 2023: THB 505.26 million).

Liabilities

As of 30th September 2024, total liabilities amounted to THB 84.42 million, a decrease of THB 8.44 million, or 9.09%, from the end of the previous year (end of 2023: THB 92.86 million). This reduction was primarily due to the gradual repayment of long-term loans from financial institutions and the settlement of liabilities under lease agreements.

Shareholders' equity

As of 30th September 2024, shareholder's equity amounted to THB 415.29 million, an increase of THB 2.89 million, or 0.70%, from the end of the previous year (end of 2023: THB 412.40 million). This increase was primarily due to the overall performance of the Group, which generated a net profit.

Please be informed accordingly,

Yours sincerely,

- Mr. Podduang Kongkamee -
(Mr. Podduang Kongkamee)

Chief Executive Officer