

10th May 2024

Subject: Management Discussion and Analysis for the period ended 31 March 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 31 March 2024 as follows.

(1) Financial performance

Statement of income	Consolidated Financial Statements for					
	3-Month period ended 31 March 2024 (Unaudited but reviewed)		3-Month period ended 31 March 2023 (Unaudited but reviewed)		Change Increase (Decrease)	
	Million THB	%	Million THB	%	Million THB	%
<u>Revenue</u>						
Sales income	4.73	25.03	4.64	24.70	0.09	1.98
Service and rental income	13.44	71.06	13.44	71.52	-	0.00
Net gain on exchange rate	0.58	3.06	0.58	3.06	-	0.70
Other income	0.16	0.85	0.14	0.72	0.02	18.52
Total revenues	18.91	100.00	18.79	100.00	0.12	0.64
<u>Expenses</u>						
Cost of sales	1.57	8.29	1.52	8.10	0.05	2.96
Cost of service and rental	3.41	18.03	3.25	17.32	0.16	4.76
Selling and service expenses	0.04	0.22	0.04	0.22	-	2.44
Administrative expenses	6.07	32.13	4.94	26.27	1.13	23.06
Total expense	11.09	58.67	9.75	51.92	1.34	13.73
Profit from operating activities	7.82	41.33	9.03	48.08	(1.21)	(13.48)
Share of loss of associate from using equity method	0.43	2.25	0.55	2.94	(0.12)	(22.83)
Finance cost	0.69	3.63	0.65	3.48	0.04	5.21
Profit before income tax expenses	6.70	35.45	7.83	41.67	(1.13)	(14.38)
Income tax expenses	2.47	13.05	0.96	5.09	1.51	157.89
Profit for the period	4.07	21.51	6.87	36.58	(2.80)	(40.82)
Profit for equity holders of the Company	4.07	21.51	6.87	36.58	(2.80)	(40.82)
Profit for non-controlling interests of the subsidiaries	0.00	0.00	0.00	0.00	(0.00)	(67.69)

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

In Quarter 1 of 2024, total revenues amounting to THB 18.91 million, a THB 0.12 million or 0.64% increase from the previous year (in Quarter 1 of 2023: THB 18.79 million) mainly due to the subsidiary's revenue from sale of electricity recognition, while as a slightly change in other income, which mainly comprised of interest income and consultation income, not related to business operations.

○ Sales income

SAAM Group's income from sale of electricity in Thailand which is operated by SAAM-SP1. In Quarter 1 of 2024, electricity sales amounting to THB 4.73 million, representing 25.03% of total revenue, reflecting a THB 0.09 million or 1.98% increase from the same period of the previous year (in Quarter 1 of 2023: THB 4.64 million) which is changed in line with the irradiation quantity in such period.

○ Service and rental income

In Quarter 1 of 2024, SAAM Group's service and rental income, representing stable income generation from long-term contracts with customers operating solar power projects in Thailand amounting to THB 13.44 million, representing 71.06% of total revenue.

○ Net gain on exchange

In Quarter 1 of 2024, SAAM Group's gain from foreign exchange amounting to THB 0.58 million, representing 3.06% of total revenue due to exchange rate fluctuations as SAAM Group has equipment deposit in US Dollar, bank deposits in US Dollar and Japanese Yen currency for foreign subsidiaries, and business transactions related to the development of renewable energy projects in Japanese Yen.

○ Other income

In Quarter 1 of 2024, other income amounting to THB 0.16 million, representing 0.85% of total revenue, a THB 0.02 million or 18.52% increase from the same period of previous year (in Quarter 1 of 2023: THB 0.14 million). Other income mainly includes interest income and consultation income, with the increase being mainly attribute to the interest income from loan to associate, which is not related to SAAM Group's core business.

Expenses

Cost of sales and services consists of cost of sales from renewable energy investment business, while cost of services and rental consists of cost of project site procurement and rendering of related services business, renewable energy project development for sale business, and renewable energy project development in accordance with client's requirements business. In Quarter 1 of 2024, cost of sales and services amounting to THB 4.98 million, reflecting a THB 0.21 million or 4.19% increase from the same period of previous year (in Quarter 1 of 2023: THB 4.77 million).

Consolidated financial statements Cost of sales and services	3-Month period ended 31 March 2024 (Unaudited but reviewed)		3-Month period ended 31 March 2023 (Unaudited but reviewed)		Change Increase (Decrease)	
	Million THB	%	Million THB	%	Million THB	%
	Cost of sales – sale of electricity	1.57	31.49	1.52	31.87	0.04
Cost of services and rental – provision of services and development of renewable energy projects	3.41	68.51	3.25	68.13	0.16	4.76
Total	4.98	100.00	4.78	100.00	0.20	4.19

○ 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 premium, and power development fund expense. In Quarter 1 of 2024, cost of sales amounting to THB 1.57 million and a THB 0.05 million or 2.96% increase from the same period of the previous year (in Quarter 1 of 2023: THB 1.52 million).

○ Cost of services and rental

Cost of services and rental mainly consists of (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 solar projects operating under SAAM, SAAM-1, SAAM-2, and SAAM-3, and (3) Depreciation expense for buildings and equipment. In Quarter 1 of 2024, cost of services and rental amounting to THB 3.41 million, a THB 0.16 million or 4.76% increase from the same period of the previous year (in Quarter 1 of 2023: THB 3.25 million).

In Quarter 1 of 2024, SAAM Group's gross profit amounting to THB 13.19 million, representing gross profit margin of 72.61% of operating revenue, a THB 0.11 million or 0.81% decrease from the same period of the previous year (in Quarter 1 of 2023: THB 13.30 million) mainly attribute to the increase in cost of services and rental.

○ **Selling and service expenses**

In Quarter 1 of 2024, selling expenses amounting to THB 0.04 million, which is insignificantly change from the same period of the previous year (in Quarter 1 of 2023: THB 0.04 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.

○ **Administrative expenses**

In Quarter 1 of 2024, administrative expenses amounting to THB 6.07 million, a THB 1.13 million or 23.06% increase from the same period of the previous year (in Quarter 1 of 2023: THB 4.94 million). Administrative expenses mainly include salary, employee and management benefits, office rental, Business travel expenses, and professional fees. The increase in administrative expenses is mainly due to a THB 0.51 million increase in recognition of expense related to business operation in non-energy related business of subsidiary, a THB 0.43 million increase in salaries, wages and other employee benefits and welfare and a THB 0.13 million increase in office rental.

Share of loss of associate from using equity method

On 2022, SAAM group purchase shares of additional ordinary shares in Nanuq Company Limited, representing 40% shareholding proportion after the acquisition transaction, at a total price THB 30.00 million classified the investment as investment in associates. In Quarter 1 of 2024, SAAM Group recognized share of loss of associate from using equity method amounting to THB 0.43 million, a THB 0.13 million or 22.83% decrease from the same period of previous year (in Quarter 1 of 2023, THB 0.55 million).

Finance cost

In Quarter 1 of 2024, finance costs amounting to THB 0.69 million, a THB 0.04 million or 5.21% increase from the same period of the previous year (in Quarter 1 of 2023: THB 0.65 million) due to an increase in floating borrowing rate from bank.

Net profit

In Quarter 1 of 2024, SAAM Group's net profit amounting to THB 4.07 million, a THB 2.80 million or 40.82% decrease from the same period of the previous year (in Quarter 1 of 2023: THB 6.87 million), mainly due to the increase in administrative expenses as described above.

(2) Financial Position

Financial Position	Consolidated financial statements					
	As of 31 March 2024 (Unaudited but reviewed)		As of 31 December 2022 (Audited)		Change Increase (Decrease)	
	THB million	%	THB million	%	THB million	%
Total assets	510.44	100.00	505.26	100.00	5.18	1.03
Total liabilities	92.91	18.20	92.86	18.38	0.05	0.06

Financial Position	Consolidated financial statements					
	As of 31 March 2024 (Unaudited but reviewed)		As of 31 December 2022 (Audited)		Change Increase (Decrease)	
	THB million	%	THB million	%	THB million	%
	Total shareholders' equity	417.53	81.80	412.40	18.62	5.13

Assets

At the end of Quarter 1 of 2024, SAAM Group presented total assets of THB 510.44 million, mainly comprising the 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 5.18 million or 1.03% from the end of the previous year (end of 2023: THB 505.26 million) mainly due to the billing from project development services and the increase in subsidiary's income from sale of electricity, resulted to the increase in trade receivables amounting to THB 3.91 million.

Liabilities

At the end of Quarter 1 of 2024, SAAM Group presented total liabilities of THB 92.91 million, mostly comprising long-term loans from a financial institution for SAAM-SP1 solar power project and contract liabilities. Total liabilities slightly increased by THB 0.05 million or 0.06% from the end of the previous year (end of 2023: THB 92.86 million). Although there is repayment of long-term loan from financial institution amounting to THB 2.48 million and repayment of liabilities under lease agreements amounting to THB 1.31 million during the period, the current liabilities is increase due to the recognition of accrued expenses and Corporate Income Tax expense.

Shareholders' Equity

At the end of Quarter 1 of 2024, SAAM Group presented total shareholders' equity of THB 417.53 million, a THB 5.13 million or 1.24% increase from the end of the previous year (end of 2023: THB 412.40 million) mainly due to SAAM Group's generation of net profit.

Please be informed accordingly,

Yours sincerely,

Mr. Podduang Kongkamee

Chief Executive Officer