

10 November 2023

Subject: Management Discussion and Analysis for the period ended 30 September 2023

 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 30 September 2023 as follows.

(1) Financial performance

Statement of income	Consolidated Financial Statements for									
	9-Month Period Ended 30 September 2023 (Unaudited but reviewed)		9-Month Period Ended 30 September 2022 (Unaudited but reviewed)		Change from 3 rd Quarter of 2022 Increase (Decrease)		9-Month Period Ended 30 September 2021 (Unaudited but reviewed)		Change from 3 rd Quarter of 2021 Increase (Decrease)	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Revenue										
Sales income	13.43	24.67	12.90	11.92	0.53	4.08	13.36	22.89	0.07	0.52
Service and rental income	40.31	74.06	43.49	40.17	(3.18)	(7.31)	41.19	70.59	(0.88)	(2.15)
Gain on sales of investment in indirect subsidiaries	-	-	51.33	47.41	(51.33)	(100.00)	-	-	-	-
Net gain on exchange rate	-	-	-	-	-	-	2.79	4.78	(2.79)	(100.00)
Other income	0.69	1.27	0.55	0.51	0.14	25.59	1.01	1.73	(0.32)	(31.49)
Total revenues	54.43	100.00	108.27	100.00	(53.84)	(49.73)	58.35	100.00	(3.93)	(6.73)
Expenses										
Cost of sales	4.61	8.47	4.61	4.26	0.00	0.02	4.66	7.99	(0.05)	(1.12)
Cost of service and rental	9.39	17.25	10.34	9.55	(0.95)	(9.21)	9.45	16.20	(0.06)	(0.67)
Selling and service expenses	0.13	0.23	0.16	0.14	(0.03)	(19.35)	0.16	0.28	(0.04)	(22.36)
Administrative expenses	15.71	28.86	19.08	17.62	(3.37)	(17.68)	14.05	24.08	1.66	11.80
Net loss on exchange rate	0.77	1.41	2.14	1.98	(1.37)	(64.04)	-	-	0.77	-
Total expense	30.60	56.32	36.33	33.55	(5.73)	(15.76)	28.33	48.54	2.28	8.04
Profit from operating activities	23.83	43.77	71.94	66.45	(48.11)	(66.88)	30.03	51.46	(6.20)	(20.65)
Share of loss of associate from using equity method	1.60	2.95	(0.25)	(0.23)	1.86	(733.99)	-	-	1.60	-
Finance cost	2.04	3.75	1.84	1.70	0.20	10.76	2.43	4.16	(0.39)	(16.09)
Profit before income tax expenses	20.18	37.08	70.35	64.98	(50.17)	(71.31)	27.60	47.29	(7.42)	(26.87)
Income tax expenses	3.07	5.64	3.49	3.22	(0.42)	(12.12)	4.26	7.29	(1.19)	(27.91)
Profit for the period	17.11	31.44	66.86	61.75	(49.75)	(74.40)	23.34	40.00	(6.23)	(26.68)
Profit for equity holders of the Company	17.11	31.44	66.86	61.75	(49.75)	(74.40)	23.35	40.02	(6.24)	(26.71)
Profit for non-controlling interests of the subsidiaries	0.00	0.00	0.00	0.00	-	-	(0.01)	(0.02)	(0.01)	(110.00)

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 3 of 2023, total revenues amounting to THB 54.43 million, a THB 53.84 million or 49.73% decrease from the same period of the previous year (in Quarter 3 of 2022: THB 108.27 million) and also decrease by THB 3.93 million or 6.73% from the same period of 2021 (in Quarter 3 of 2021: THB 58.35 million) mainly due to the recognized gain on sale of investment in indirect subsidiaries, which is Biomass Power Three GK and Biomass Power Four GK, to Japanese Trading Company Investor during Quarter 1 of 2022 to handover of 2 Biomass Power Projects (SAAM Oita 01 Biomass Power Project and SAAM Oita 02 Biomass Power Project) and also the decrease in net gain on exchange rate, while as a slightly change in sales income and 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 3 of 2023, electricity sales amounting to THB 13.43 million, representing 24.67% of total revenue, reflecting a THB 0.53 million or 4.08% increase from the same period of the previous year (in Quarter 3 of 2022: THB 12.90 million) and a THB 0.07 million or 0.52% increase from the same period of 2021 (in Quarter 3 of 2021: THB 13.36 million), which is changed in line with the irradiation quantity in such period.

○ **Service and rental income**

In Quarter 3 of 2023, 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 40.31 million, representing 74.06% of total revenue which was decreased by THB 3.18 million or 7.31% compared to the same period of the previous year (in Quarter 3 of 2022: THB 43.49 million) and a THB 0.88 million or 2.15% decrease from the same period of 2021 (in Quarter 3 of 2021: THB 41.19 million), comprising THB 30.45 million in service income and THB 9.86 million in rental income (in Quarter 3 of 2022: THB 33.63 million and THB 9.86 million, respectively (in Quarter 3 of 2021: THB 31.33 million and THB 9.86 million, respectively). This is mainly attributable to revenue recognition for biomass power project development in Japan during Quarter 1 of 2022 amounting to THB 2.88 million, with successful handover of milestone 1 under the Project Development Service Agreement which SAAM Group entered with the client. On the other hand, revenue under operating solar power project agreement in Petchaburi and Ang Thong province is reduced amounting to THB 0.30 million due to decrease capacity.

○ **Other income**

In Quarter 3 of 2023, other income amounting to THB 0.69 million, representing 1.27% of total revenue, a THB 0.14 million or 25.59% increase from the same period of the previous year (in Quarter 3 of 2022: THB 0.55 million) mainly because of interest income from loan to associate and a THB 0.32 million or 31.49% decrease from the same period of 2021 (in Quarter 3 of 2021: THB 1.01 million) mainly because of interest income and consultation income, with the decrease being

mainly attributable to reduction in interest income from short-term deposits at financial institution, 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 3 of 2023, cost of sales and services amounted to THB 14.00 million, reflecting a THB 0.95 million or 6.36% decrease from the same period of the previous year (in Quarter 3 of 2022: THB 14.95 million) and a THB 0.12 million or 0.81% decrease from the same period of 2021 (in Quarter 3 of 2021: THB 14.12 million).

Consolidated financial statements	9-Month Period Ended 30 September 2023 (Unaudited but reviewed)		9-Month Period Ended 30 September 2022 (Unaudited but reviewed)		Increase (Decrease) from 3 rd quarter of 2022		9-Month Period Ended 30 September 2021 (Unaudited but reviewed)		Increase (Decrease) from 3 rd quarter of 2022	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%
	Cost of sales – sale of electricity	4.61	32.94	4.61	30.83	0.00	0.02	4.66	33.04	(0.05)
Cost of services and rental – provision of services and development of renewable energy projects	9.39	67.06	10.34	69.17	(0.95)	(9.21)	9.45	66.96	(0.06)	(0.67)
Total	14.00	100.00	14.95	100.00	(0.95)	(6.36)	14.12	100.00	(0.12)	(0.81)

○ 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 3 of 2023, cost of sales amounted to THB 4.61 million, which is insignificantly change from the same period of the previous year (in Quarter 3 of 2022: THB 4.61 million) and a THB 0.05 million or 1.12% decrease from the same period of 2021 (in Quarter 3 of 2021: THB 4.66 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 3 of 2023, cost of services and rental amounted to THB 9.39 million, a THB 0.95 million or 9.21% decrease from the same period of the previous year (in Quarter 3 of 2022: THB 10.34 million), mainly due to a THB 1.00 million increase in expense related to the handover biomass power projects in Japan during Quarter 1 of 2022. However, the cost of services and rental decreased by THB 0.06 million or 0.67% compared to the same period of 2021 (in Quarter 3 of 2021: THB 9.45 million).

In Quarter 3 of 2023, SAAM Group's gross profit amounting to THB 39.74 million, representing gross profit margin of 73.95% of operating revenue, a THB 1.70 million or 4.11% decrease from the same period of the previous year (in Quarter 3 of 2022: THB 41.44 million) and a THB 0.70 million or 1.73% decrease from the same period of 2021 (in Quarter 3 of 2021: THB 40.44 million). Gain on sale of investment in indirect subsidiaries during Quarter 1 of 2022 is not included as part of gross profit calculation.

○ **Selling and service expenses**

In Quarter 3 of 2023, selling expenses amounting to THB 0.13 million, a THB 0.03 million or 19.35% decrease from the same period of previous year (in Quarter 3 of 2022: THB 0.16 million) and a THB 0.04 million or 22.36% decrease from the same period of 2021 (in Quarter 3 of 2021: THB 0.16 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 3 of 2023, administrative expenses amounting to THB 15.71 million, a THB 3.37 million or 17.68% decrease from the same period of the previous year (in Quarter 3 of 2022: THB 19.08 million). However, the administrative expense is increased by THB 1.66 million or 11.80% compared to the same period of 2021 (in Quarter 3 of 2021: THB 14.05 million). Administrative expenses mainly include salary, employee and management benefits, office rental, travel expenses, and professional fees. The decrease in administrative expenses from Quarter 3 of 2022 is mainly due to a THB 0.96 million decrease in bonus paid to personnel in March 2022 following the handover of projects to a client, a THB 1.42 million write-off of deposit in relation to the land purchase and sale agreement in Japan, a THB 1.15 million decrease in recognition of expense related to sourcing of solar power projects and biomass power projects in Japan, a THB 0.74 decreased in professional fees. While as the increase in administrative expenses from Quarter 3 of 2021 is mainly due to a THB 0.55 million increase in research and development expenses, a THB 0.32 million increase in audit fee, a THB 0.64 million of office rental and a THB 0.34 million increase in recognition of expense related to sourcing of solar power projects and biomass power projects in Japan.

○ **Net loss on exchange**

In Quarter 3 of 2023, SAAM Group's loss from foreign exchange amounting to THB 0.77 million, representing 1.41% of total revenue. (in Quarter 3 of 2022: SAAM Group's loss from foreign exchange amounted to THB 2.14 million and in Quarter 3 of 2021: SAAM Group's gain for THB 2.79 million) 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.

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 3 of 2023, SAAM Group recognized share of loss of associate from using equity method amounting to THB 1.60 million.

Finance cost

In Quarter 3 of 2023, finance costs amounting to THB 2.04 million, a THB 0.20 million or 10.76% increase from the same period of the previous year (in Quarter 3 of 2022: THB 1.84 million) due to an increase in floating borrowing rate from bank and a THB 0.39 million or 16.09% decrease from the same period of 2021 (in Quarter 3 of 2021: THB 2.43 million) following repayment of loans.

Net profit

In Quarter 3 of 2023, SAAM Group's net profit amounting to THB 17.11 million, a THB 49.75 million or 74.40% decrease from the same period of the previous year (in Quarter 3 of 2022: THB 66.86 million), mainly due to the decrease in gain on sale of investment in indirectly subsidiaries of THB 51.33 million and decrease by THB 6.23 million or 26.68% compared to the same period of 2021 (in Quarter 3 of 2021: THB 23.34 million) due to the increase in administrative expenses, share of loss of associate from using equity method and decrease in net gain on exchange rate.

(2) Financial position

Financial Position	Consolidated financial statements					
	As of 30 September 2023 (Unaudited but reviewed)		As of 31 December 2022 (Audited)		Change Increase (Decrease)	
	THB million	%	THB million	%	THB million	%
Total assets	486.72	100.00	511.90	100.00	(25.18)	(4.92)
Total liabilities	99.20	20.38	143.30	27.99	(44.09)	(30.77)
Total shareholders' equity	387.51	79.62	368.60	72.01	18.91	5.13

Assets

At the end of Quarter 3 of 2023, SAAM Group presented total assets of THB 486.72 million, mainly comprising the investment in associate, 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 decreased by THB 25.18 million or 4.92% from the end of the previous year (end of 2022: THB 511.90 million) mainly due to the decrease in short-term investment amounting to THB 45.00 million, reflecting the redemption of investment before its maturity to invest in subsidiary.

Liabilities

At the end of Quarter 3 of 2023, SAAM Group presented total liabilities of THB 99.20 million, mostly comprising long-term loans from a financial institution for SAAM-SP1 solar power project and contract liabilities. Total liabilities decreased by THB 44.09 million or 30.77% from the end of the previous year (end of 2022: THB 143.30 million) mainly due to (1) The payment for subsidiary's share capital payable amounting to THB 35.50 million (2) Repayment of long-term loans from financial institutions THB 6.07 million, and (3) Repayment of liabilities under lease agreements of THB 2.91 million.

Shareholders' equity

At the end of Quarter 3 of 2023, SAAM Group presented total shareholders' equity of THB 387.51 million, a THB 18.91 million or 5.13% increase from the end of the previous year (end of 2022: THB 368.60 million) mainly due to SAAM Group's generation of net profit.

Please be informed accordingly,

Yours sincerely,

Mr. Podduang Kongkamee

Chief Executive Officer