

29th February 2024

 Subject: Management Discussion and Analysis for the year ended 31st December 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 year ended 31st December 2023 as follows.

(1) Financial performance

Statement of income	Consolidated Financial Statements for									
	Year Ended 31 st December 2023 (Audited)		Year Ended 31 st December 2022 (Audited)		Change from 2022 Increase (Decrease)		Year Ended 31 st December 2021 (Audited)		Change from 2021 Increase (Decrease)	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Revenue										
Sales income	17.23	14.56	16.85	13.37	0.38	2.26	16.88	22.38	0.35	2.08
Service and rental income	99.98	84.48	56.92	45.18	43.06	75.64	54.92	72.81	45.06	82.04
Gain on sales of investment in indirect subsidiaries	-	-	51.33	40.74	(51.33)	(100.00)	-	-	-	-
Net gain on exchange rate	-	-	-	-	-	-	2.42	3.21	(2.42)	(100.00)
Other income	1.14	0.96	0.89	0.71	0.25	28.01	1.21	1.60	(0.07)	(5.74)
Total revenues	118.36	100.00	125.99	100.00	(7.64)	(6.06)	75.43	100.00	42.92	56.90
Expenses										
Cost of sales	6.18	5.22	6.16	4.89	0.02	0.36	6.23	8.26	(0.05)	(0.78)
Cost of service and rental	15.78	13.34	13.50	10.71	2.28	16.95	12.66	16.78	3.12	24.67
Selling and service expenses	0.17	0.14	0.20	0.16	(0.03)	(15.23)	0.35	0.47	(0.19)	(52.71)
Administrative expenses	21.91	18.52	26.46	21.00	(4.55)	(17.19)	19.90	26.38	2.01	10.12
Net loss on exchange rate	0.35	0.29	1.02	0.81	(0.68)	(66.09)	-	-	0.35	-
Total expense	44.40	37.51	47.34	37.57	(2.96)	(6.22)	39.14	51.89	5.25	13.41
Profit from operating activities	73.96	62.49	78.65	62.43	(4.68)	(5.97)	36.29	48.11	37.67	103.82
Share of loss of associate from using equity method	2.82	2.39	(0.41)	(0.32)	3.23	(792.48)	-	-	2.82	-
Finance cost	2.78	2.35	2.49	1.97	0.29	11.63	3.16	4.19	(0.38)	(12.09)
Profit before income tax expenses	68.36	57.76	76.57	60.78	(8.20)	(10.72)	33.13	43.92	35.23	106.35
Income tax expenses	6.81	5.75	4.29	3.40	2.52	58.72	5.44	7.21	1.37	25.17
Profit for the period	61.56	52.01	72.29	57.37	(10.72)	(14.84)	27.69	36.71	33.86	122.28
Profit for equity holders of the Company	61.55	52.01	72.28	57.37	(10.72)	(14.84)	27.70	36.72	33.85	122.20
Profit for non-controlling interests of the subsidiaries	0.00	0.00	0.00	0.00	0.00	1.33	(0.01)	(0.01)	0.01	(111.72)

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 2023, total revenues amounting to THB 118.36 million, a THB 7.64 million or 6.06% decrease from the previous year (in 2022: THB 125.99 million) and also increase by THB 42.92 million or 56.90% from 2021 (in 2021: THB 75.43 million) mainly due to the recognized revenue from rendering of project development service amounting to THB 46.24 million during Quarter 4 of 2023 while as the Company 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 decrease from 2021 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 2023, electricity sales amounting to THB 17.23 million, representing 14.56% of total revenue, reflecting a THB 0.38 million or 2.26% increase from the previous year (in 2022: THB 16.85 million) and a THB 0.35 million or 2.08% increase from 2021 (in 2021: THB 16.88 million), which is changed in line with the irradiation quantity in such period.

○ Service and rental income

In 2023, 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 53.74 million and income from project development service amounting to THB 46.24 million or totaling THB 99.98 million, representing 84.48% of total revenue which was increased by THB 43.06 million or 75.64% compared to the previous year (in 2022: THB 56.92 million) and a THB 45.06 million or 82.04% increase from 2021 (in 2021: THB 54.92 million), comprising THB 86.83 million in service income and THB 13.15 million in rental income (in 2022: THB 43.77 million and THB 13.15 million, respectively (in 2021: THB 41.77 million and THB 13.15 million, respectively). This is mainly attributable to revenue recognition for project development services in Japan during Quarter 4 of 2023 amounting to THB 46.24 million, with successful handover of milestone due to completion of work under the Project Development Service Agreement for Biomass Power Project in Japan 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 2023, other income amounting to THB 1.14 million, representing 0.96% of total revenue, a THB 0.25 million or 28.01% increase from the previous year (in 2022: THB 0.89 million) mainly because of interest income from loan to associate and a THB 0.07 million or 5.74% decrease from 2021 (in 2021: THB 1.21 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 2023, cost of sales and services amounting to THB 21.96 million, reflecting a THB 2.30 million or 11.75% increase from the previous year (in 2022: THB 19.66 million) and a THB 3.07 million or 16.27% increase from 2021 (in 2021: THB 18.89 million).

Consolidated financial statements	Year Ended 31 st December 2023 (Audited)		Year Ended 31 st December 2022 (Audited)		Increase (Decrease) from 2022		Year Ended 31 st December 2021 (Audited)		Increase (Decrease) from 2021	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%
	Cost of sales and services									
Cost of sales – sale of electricity	6.18	28.15	6.16	31.34	0.02	0.36	6.23	32.99	(0.05)	(0.78)
Cost of services and rental – provision of services and development of renewable energy projects	15.78	71.85	13.50	68.66	2.28	16.95	12.66	67.01	3.12	24.67
Total	21.96	100.00	19.66	100.00	2.30	11.75	18.89	100.00	3.07	16.27

○ **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 2023, cost of sales amounting to THB 6.18 million, which is insignificantly change from the previous year (in 2022: THB 6.16 million) and a THB 0.05 million or 0.78% decrease from 2021 (in 2021: THB 6.23 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 2023, cost of services and rental amounting to THB 15.78 million, a THB 2.28 million or 16.95% increase from the previous year (in 2022: THB 13.50 million), mainly due to a THB 3.42 million increase in expense related to the development

service of biomass power projects in Japan during Quarter 4 of 2023. Moreover, the cost of services and rental increased by THB 3.12 million or 24.67% compared to 2021 (in 2021: THB 12.66 million).

In 2023, SAAM Group's gross profit amounting to THB 95.25 million, representing gross profit margin of 81.26% of operating revenue, a THB 41.13 million or 76.00% increase from the previous year (in 2022: THB 54.12 million) and a THB 42.34 million or 80.01% increase from 2021 (in 2021: THB 52.91 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 2023, selling expenses amounting to THB 0.17 million, a THB 0.03 million or 15.23% decrease from the previous year (in 2022: THB 0.20 million) and a THB 0.19 million or 52.71% decrease from 2021 (in 2021: THB 0.35 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 2023, administrative expenses amounting to THB 21.91 million, a THB 4.55 million or 17.19% decrease from the previous year (in 2022: THB 26.46 million). However, the administrative expense is increased by THB 2.01 million or 10.12% compared to 2021 (in 2021: THB 19.90 million). Administrative expenses mainly include salary, employee and management benefits, office rental, travel expenses, and professional fees. The decrease in administrative expenses from 2022 is mainly due to a THB 1.67 million decrease in bonus paid to personnel, a THB 1.42 million write-off of deposit in relation to the land purchase and sale agreement in Japan, a THB 0.93 million decrease in office rental, a THB 0.73 million decrease in recognition of expense related to sourcing of solar power projects and biomass power projects in Japan, a THB 0.66 decreased in professional fees. However, there is an increase of research and development expense amounting to THB 0.55 million. While as the increase in administrative expenses from 2021 is mainly due to a THB 0.93 million of office rental, a THB 0.55 million increase in research and development expenses and a THB 0.82 million increase in recognition of expense related to sourcing of solar power projects and biomass power projects in Japan.

○ **Net loss on exchange**

In 2023, SAAM Group's loss from foreign exchange amounting to THB 0.35 million, representing 0.29% of total revenue. (in 2022: SAAM Group's loss from foreign exchange amounting to THB 1.02 million and in 2021: SAAM Group's gain for THB 2.42 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 2023, SAAM Group recognized share of loss of associate from using equity method amounting to THB 2.82 million.

Finance cost

In 2023, finance costs amounting to THB 2.78 million, a THB 0.29 million or 11.63% increase from the previous year (in 2022: THB 2.49 million) due to an increase in floating borrowing rate from bank and a THB 0.38 million or 12.09% decrease from 2021 (in 2021: THB 3.16 million) following repayment of loans.

Net profit

In 2023, SAAM Group's net profit amounting to THB 61.56 million, a THB 10.72 million or 14.84% decrease from the previous year (in 2022: THB 72.28 million), mainly due to the decrease in gain on sale of investment in indirectly subsidiaries of THB 51.33 million while as SAAM Group has a THB 43.06 million increase in revenue of rendering of service and rental, resulted in the decrease of total revenue by THB 7.64 million and net profit increase by THB 33.86 million or 122.28% compared to 2021 (in 2021: THB 27.69 million) due to the increase in profit from project development service during 2023.

(2) Financial position

Financial Position	Consolidated financial statements					
	As of 31 st December 2023 (Audited)		As of 31 st December 2022 (Audited)		Change Increase (Decrease)	
	THB million	%	THB million	%	THB million	%
Total assets	505.26	100.00	511.90	100.00	(25.18)	(4.92)
Total liabilities	92.86	18.38	143.30	27.99	(44.09)	(30.77)
Total shareholders' equity	412.40	81.62	368.60	72.01	18.91	5.13

Assets

At the end of 2023, SAAM Group presented total assets of THB 505.26 million, mainly comprising the investment in associate, property, plant and equipment (PPE) including solar power project and land under its subsidiary, intangible asset including game under development, and investment properties including project land used as site location for clients' solar power projects. Total assets decreased by THB 6.64 million or 1.30% 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. However, SAAM Group has contract assets due to unbilled receivable from project development services amounting to THB 37.57 million.

Liabilities

At the end of 2023, SAAM Group presented total liabilities of THB 92.86 million, mostly comprising long-term loans from a financial institution for SAAM-SP1 solar power project and contract liabilities. Total liabilities decreased by THB 50.44 million or 35.20% 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 7.98 million, and (3) Repayment of liabilities under lease agreements of THB 3.94 million.

Shareholders' equity

At the end of 2023, SAAM Group presented total shareholders' equity of THB 412.40 million, a THB 43.80 million or 11.88% 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