

1.Executive Summary

Sahakol' s current operation includes conveying soil and coal under four main projects: (1) Mae Moh 8 Mine Project (2) Hongsa D and Hongsa O&M Project (3) North Pit Wall Expansion Project and (4) Built Lease and Transfer Project (at the preparatory stage). In the third quarter of 2022, the company had total revenue of 1,188 million baht, which is a decrease by 96 million baht or by 7% from the second quarter of 2022.

In this quarter, a production volume of Mae Moh 8 Mine Project, decreased due to an unusually high rainfall. At the same time, the company considered to replace the deteriorated conveyor during this period because most of the operating system was interrupted and not working at full efficiency from the continuous rainfall. As a result, in the next periods, the operating system will work continuously at full efficiency. In addition, the explosives cost, and fuel cost increased in line with the global market situation compared to Q3/2021, causing the Mae Moh 8 mine project to have a loss. However, the operation in the Q4/2022 will return to a good performance as planned.

The Hongsa mining project can achieve higher yields than targets. Net profits increased by 130% compared to Q2/2022 and by 49% compared to Q3/2021 as employees were able to fully return to work in the site after the end of the Covid-19 situation. Machines can resume to operate at full efficiency, while operating costs increased by 26 million baht due to the rising cost of fuel in accordance with the global market.

The North Pit Wall Expansion project had an operating loss. Since the project just started its operation in the middle of the Q2/2022, the production capacity was not yet at full capacity, but the full amount of depreciation were registered and the labor cost increased according to the plan. However, production capacity is expected to increase as planned in the next quarter.

The Company's debt burden continued to decline as long-term loans declined as the principle repayment has been deducted from the monthly working payment. As a result, the debt to equity ratio decreased from 2.33 times in Q1/2022 to 2.22 times in Q2/2022 and 2.21 times in Q3/2022.

2. Financial Performance

Unit : M THB	Q2/2022	Q3/2022	Q3/2021	% Gain (Loss) QoQ	% Gain (Loss) YoY	9M/2021	9M/2022	% Gain (Loss)
Total revenues	1,284	1,188	1,076	(7%)	10%	3,423	3,712	8%
Service revenues	1,258	1,165	1,057	(7%)	10%	3,366	3,653	9%
Cost of Services (Include Depreciation ¹)	1082	1,108	865	2%	28%	2,609	3,095	19%
¹ Depreciation	238	229	240	(4%)	(5%)	730	700	(4%)
Gross Profit (After Depreciation)	176	57	192	(68%)	(70%)	757	558	(26%)
Administrative expenses	68	73	124	7%	(41%)	316	207	(34%)
EBITDA	381	244	337	(36%)	(28%)	1,253	1,138	(9%)
Financial cost	61	57	63	(7%)	(10%)	196	178	(9%)
Net Profit*	73	(49)	21	(167%)	(333%)	309	234	(24%)
EBITDA margin (%)	30%	21%	31%	(9%)	(10%)	37%	31%	(6%)
Gross Profit Margin (%)	14%	5%	18%	(9%)	(13%)	22%	15%	(7%)
Net Profit Margin (%)	6%	(4%)	2%	(10%)	(6%)	9%	6%	(3%)

*Net Profit (Equity holder of the Company)

Operational results for the three-month period in Q3/2022 compared to Q2/2022 (QoQ)

In Q3/2022, the company had total revenue of 1,188 million baht, a decrease by 96 million baht or by 7% from the Q2/2022 due to the lower production of the Mae Moh 8 mine project, which effected by an unusually high rainfall. But the Hongsa mining project was able to return to normal operation due to a resume of employees after the Covid-19 situation and more efficient machinery management. Key changes in costs and expenses are as follows:

- Fuel costs increased by 49 million baht due to higher production under the Hongsa mine project and from the start of the North Pit Wall Expansion project since May. In addition, the increase in fuel prices in the global market also caused an increase fuel cost
- Maintenance costs decreased by 19 million baht, mainly due to a decrease in the Hongsa mine project as most of the repairs had been done in the previous quarter.
- Subcontractor cost decreased by 9 million baht from both the Mae Moh 8 Mine Project and the Hongsa Mine Project according to the work plan

As a result, in Q3/2022, the company had gross profit of 57 million baht, a decrease by 119 million baht or by 68% from Q2/2022, gross profit margin decreased from 14% to 5% and had a net loss of 49

million baht, a decrease by 122 million baht or a decrease by 167%, while the net profit margin decreased from 6% to a negative 4%.

Operational results for the three-month period in Q3/2022 compared to Q3/2021 (YoY)

The company's total revenue increased by 112 million baht or by 10% from the same period last year due to the increased production volume of the Hongsa Project. Meanwhile, the production volume of Mae Moh 8 project decreased due to unusually high rainfall, but received an increase in the unit price according to the contract and from the K-factor compensation for the increase in fuel prices. The operating cost increased by 243 million baht, or an increase by 28%. Key changes in costs and expenses are as follows:

- Fuel cost increased by 108 million baht due to higher fuel price in line with global market and from higher fuel consumption in the North Pit Wall Expansion project and the Hongsa mining project.
- Maintenance costs increased by 114 million baht from maintenance costs of the main equipment in the Mae Moh 8 project where conveyors were continuously replaced to ensure a long-term stability as well as maintenance of trucks and excavators according to the usage cycle.
- The cost of explosives increased by 21 million baht due to an increase in raw material prices according to the market situation and the increase in usage due to the necessity of the job site.
- Cost of lubricating oil increased by 6 million baht in accordance with the market price and the maintenance of machinery according to planned usage hours.
- Subcontractor cost decreased by 6 million baht and the machine rental cost decreased by 8 million baht due to the management of the existing machinery and the conveyor system working at full efficiency.

As a result, in the Q3/2022, the company had a gross profit of 57 million baht, a decrease by 135 million baht or by 70 percent from the same period last year. But net profit decreased by 70 million baht or a decrease by 333% from the Q3/2021, while the net profit margin decreased from 2% to a negative 4%.

Operational results of the nine-month period in 9M/2022 compared to 9M/2021

The company's revenue increased by 289 million baht or an increase by 8% from the same period last year. This was due to an increase in the price per unit according to the contract of the Mae Moh 8 mine project and from the increase in K-factor fuel price compensation as well as the recognition of revenue from the new North Pit Wall Expansion project, Key changes in costs and expenses are as follows:

- Fuel costs increased by 215 million baht from higher fuel prices in line with global market conditions and from increased oil consumption from the commencement of the North Pit Wall Expansion project.
- Maintenance costs increased by 250 million baht due to maintenance costs of main equipments and belt replacement in Mae Moh 8 Project, while the Hongsa Mine Project replaced tires of 100 tons truck that were worn out.
- The cost of explosives increased by 51 million baht due to an increase in raw material prices according to the market situation and the increase in usage due to the necessity of the job site.
- Cost of depreciation decreased by 30 million baht because some machines were fully depreciated.
- Subcontractors cost decreased by 23 million baht and the rental cost of machinery decreased by 8 million baht due to the management of the existing machinery and the conveyor system working at full efficiency.

As a result, the company's performance for the nine-month period of 2022 had a gross profit of 558 million baht, a decrease by 199 million baht or a decrease by 26%. The gross profit margin decreased from 22% from the same period last year to 15%. With a net profit of 234 million baht, a decrease by 75 million baht or a decrease by 24%, while the net profit margin decreased to 6% from 9% previously.

3.Operation Result by Project

Unit : M THB	Q2/2022	Q3/2022	Q3/2021	% Gain (Loss) QoQ	% Gain (Loss) YoY	9M/2021	9M/2022	% Gain (Loss)
Mae Moh 8								
Service Revenue	877	723	733	(18%)	(1%)	2,356	2,516	7%
Cost of Services (Include Depreciation ¹)	722	727	594	1%	22%	1,867	2,064	11%
¹ Depreciation	165	156	182	(5%)	(14%)	557	494	(11%)
Gross Profit	155	(4)	139	(103%)	(103%)	489	452	(8%)
Gross Profit Margin (%)	18%	(1%)	19%	(18%)	(20%)	21%	18%	(3%)
Hongsa D and Hongsa O&M								
Service Revenue	360	404	325	12%	24%	1,011	1,075	6%
Cost of Services (Include Depreciation ¹)	323	319	268	(1%)	19%	770	926	20%
¹ Depreciation	61	60	57	(2%)	4%	171	179	5%
Gross Profit	37	85	57	130%	49%	241	149	(38%)
Gross Profit Margin (%)	10%	21%	18%	11%	4%	24%	14%	(10%)
North Pit Wall Expansion								
Service Revenue	17	45		165%			62	N/A
Cost of Services (Include Depreciation ¹)	34	63		85%			97	N/A
¹ Depreciation	12	12		0%			24	N/A
Gross Profit	(17)	(18)		6%			(35)	N/A
Gross Profit Margin (%)	(100%)	(40%)		60%			(56%)	N/A

(1) Mae Moh 8 Project

The Mae Moh 8 mine project had revenues decreased by 154 million baht from the Q2/2022, while the gross profit decreased by 159 million baht or by 103% due to the decrease in production in this quarter due to unusually high rainfall. While there are a maintenance costs for most of the 100-ton trucks, excavators, and conveyor systems according to usage cycle. The company considers to replace the deteriorated conveyor during this period because most of the operating system was interrupted and not working at full efficiency from the continuous rainfall. As a result, in the next periods, the operating system will work continuously at full efficiency. Consequently, the gross profit margin decreased to negative 1% from 18% in Q2/2022.

If considering the operating results in the same period of the previous year Gross profit decreased by 143 million baht or by 103% due to an increase in operation cost of 133 million baht compared to the same period with a gross margin of negative 1%, a decreased by 19% from the 3Q/2022.

(2) Hongsa Mine D and Hongsa O&M Project

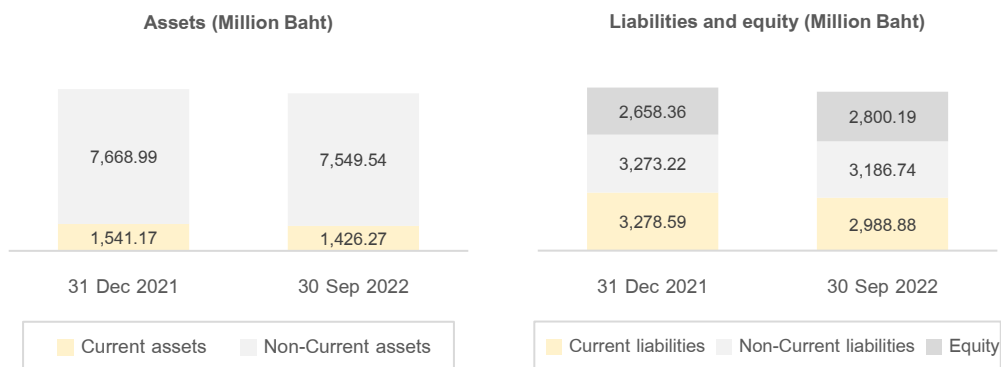
The Hongsa Hongsa Mine Project's revenues increased by 44 million baht or by 12% from Q2/2022 due to an increase production as the detained employees returned to work in the area as usual. and the repaired machinery returned to work at full efficiency. The project has an increase in maintenance costs by 3 million baht due to the improvement of the machinery according to usage cycle. As a result, the gross profit increased by 48 million baht or by 130%, while the gross profit margin increased to 21% from 10% in the Q2/2022.

If considering the operating results in the same period of the previous year. The Hongsa mine project increased gross profit of 28 million baht, or an increase by 49% from the detained employees returned to work in the area as usual and the repaired machinery returned to work at full efficiency.

(3) North Pit Wall Expansion Project

The North Pit Wall Expansion project had revenue of 45 million baht in the quarter. The project started in May 2022 resulting in higher expenses, especially a depreciation cost that were recognized in full quarter. As a result, gross profit has a loss of 18 million baht. In the next quarters, there will be a plans to increase production accordingly and will reach full capacity by the end of 2022.

4. Financial Position and Cash Flow



Balance Sheet Position

Assets

Total assets as of 30 September 2022 totaled 8,975.81 million baht, a decrease by 234.36 million baht from that as of 31 December 2021 which totaled 9,210.17 million baht or 0.03% with the following details:

	(Million Baht)			
	30 Sep 2022	31 Dec 2021	change	change %
Current Assets	1,426.27	1,541.17	(114.91)	(0.07)
Non – Current Assets	7,549.54	7,668.99	(119.45)	(0.02)
Total assets	8,975.81	9,210.17	(234.36)	(0.03)

Liabilities

Total liabilities as of 30 September 2022 were 6,175.62 million baht. Compared to liabilities of 6,551.81 million baht as of 31 December 2021, total liabilities decreased by 376.19 million baht or by 5.74% due to a gradual debt repayment of long-term loans have been made with the following details:

	(Million Baht)			
	30 Sep 2022	31 Dec 2021	change	change %
Current liabilities	2,988.88	3,278.59	(289.71)	(8.84%)
Non - Current liabilities	3,186.74	3,273.22	(86.48)	(2.64%)
Total liabilities	6,175.62	6,551.81	(376.19)	(5.74%)

Shareholder's equity

Shareholder's equity as of 30 September 2022 amounted to 2,800.19 million baht, an increase by 141.84 million baht or 5.34% from Net profit for this period with details as follows:

		(Million Baht)			
		30 Sep 2022	31 Dec 2021	change	change %
Total shareholders' equity		2,800.19	2,658.36	141.84	5.34%

Statement of Cash Flows

As of 30 September 2022, cash and cash equivalents stood at 172.62 million baht, an increase by 10.99 million baht or 6.8% from those in 2021 which had cash and cash equivalents amounted to 161.63 million baht as summarized below:

		(Million Baht)
Cash flows from operating activities		1,122.32
Cash flows from investing activities		(489.09)
Cash flows from financing activities		(622.24)
Currency translation difference		0.00
Net decrease in cash and cash equivalents		10.99

Cash flows from operating activities was 1,122.32 million baht from operating profit

Cash flows from investing activities amounting at (489.09) million baht, mainly due to asset acquisition according to the project investment plan, especially North Pit Wall Expansion project.

Cash flows from financing activities in the amount of (622.24) million baht, mainly arising from from short-term loans repayment, included long-term loans repayment, Dividend paid and Debenture repayment.

Financial Costs

Financial cost for Q3/2022 and Q3/2021 were 56.86 million baht and 63.31 million baht respectively, a 10.18% decrease. The main contributing factors mainly because of repayment of long-term loans.

		(Million Baht)			
		30 Sep 2022	31 Dec 2021	change	change %
Finance costs		56.86	63.31	(6.44)	(10.18%)

5. Key Financial Ratios

Profitability Ratios		2021	6M/2022	9M/2022
Gross Profit (After Depreciation)	(Percent)	20.03	20.14	15.28
EBITDA	(Percent)	34.04	35.89	31.17
EBIT	(Percent)	12.61	16.18	11.22
Net (Loss) Profit	(Percent)	6.92	11.18	6.30

Efficiency Ratios		2021	*6M/2022	*9M/2022
Return on Assets	(Percent)	3.46	3.62	2.89
Return on Fix Assets	(Percent)	18.88	19.03	18.35
Return on Equity	(Percent)	13.05	12.00	9.57

Leverage Ratios		2021	6M/2022	9M/2022
Debt to Equity ratio	(times)	2.46x	2.22x	2.21x
Interest Bearing Debt to Equity ratio	(times)	2.18x	1.89x	1.88x

Note *Key financial ratios as of 30 September 2022 was calculated based on last 12 months.