

## 1.Executive Summary

Currently, the company operates excavation projects and is under 4 main lists, namely (1) Mae Moh 8 , (2) Hongsa D and Hongsa O&M , (3) North Pit Wall Expansion , and (4) Build, Lease and Transfer (BLT) Project (In the prepare construction work) in the Q4/2022 performance, the company has a total income of 1,526 MB, an increase of 338 MB or 28% from the Q3/2565 and net profit of 75 MB, the amount needed to increase (Q3/2565, Productivity decreased due to the rainy season) The costs of service have increased according to the prodduction, especially the maintenance costs from the replacement of main belts according to the plan in the Mae Moh 8 to enable the belt system to operate at full efficiency until the end of the project. In addition, the fuel cost and the explosives cost have increased according to the production and the world market price. The increase in fuel prices was partially compensated by the increase in K-Factor in the price of work from the employer. As a result, in the Q4/2022, the company had a net profit of 75 MB, an increase of 124 MB or 252% from the previous quarter.

For the performance of the year 2022, the company has a total income of 5,238 MB, an increase of 435 MB or 9% from year 2021. Overall, the Mae Moh 8 produces more productions than planned. The Hongsa project was slightly lower productions than planned. While the cost of service for all projects increased by 621 MB from the modification of the conveyor belt system of the Mae Moh 8 according to the on-site conditions in order to work more efficiently. Explosives and fuel costs increased with world market conditions compared to year 2021, but sale and administrative cost were reduced by 145 MB or 33% due to the provision for impairment of investments and advance payment for the Muang Kok project in year 2021. Resulting in 12% drop in net profit, however, operations in 2023 are expected to resume operations as planned. As a result, the company's gross profit in year 2022 was 848 MB, a decrease of 96 MB or 10%. The gross profit margin decreased from 20% from the same period last year to 16%. Net profit was 308 MB, a decrease of 42 MB or a decrease of 12%, while the net profit margin decreased to 6% from 7%.

In addition, from the management of funding sources and cash flow, resulting in a decrease in finance costs of 27 MB or 10% from year 2021.

As for the new projects under operation at Hongsa, North pit Wall Expansion Project and Build, Lease and Transfer (BLT) Project, North pit Wall Expansion Project started operations in May 2022 and BLT will start operating in year 2023.

## 2. Financial Performance

Unit : M THB	Q3/2022	Q4/2022	Q4/2021	% Gain (Loss) QoQ	% Gain (Loss) YoY	2021	2022	% Gain (Loss)
Total revenues	1,188	1,526	1,380	28%	11%	4,803	5,238	9%
Service revenues	1,165	1,505	1,346	29%	12%	4,712	5,158	9%
Cost of Services (Include Depreciation <sup>1</sup> )	1,108	1,295	1,159	17%	12%	3,769	4,390	16%
<sup>1</sup> Depreciation	229	202	245	(12%)	(18%)	975	902	(8%)
Gross Profit (After Depreciation)	57	210	187	268%	12%	944	848	(10%)
Administrative expenses	73	88	124	21%	(29%)	440	295	(33%)
EBITDA	244	354	352	45%	1%	1,604	1,488	(7%)
Financial cost	57	59	68	3%	(13%)	264	237	(10%)
Net Profit*	(49)	75	42	252%	78%	351	308	(12%)
EBITDA margin (%)	21%	23%	25%	3%	(2%)	33%	28%	(5%)
Gross Profit Margin (%)	5%	14%	14%	9%	0%	20%	16%	(3%)
Net Profit Margin (%)	(4%)	5%	3%	9%	2%	7%	6%	(1%)

\*Net Profit (Equity holder of the Company)

### Quarterly Q4/2022 performance compared to Q3/2022 performance (QoQ)

In the Q4/2022, the company had total revenue of 1,526 MB, an increase of 338 MB or 28% from the 3Q/2022 due to the increased production of all projects. From managing the machines to be more efficient. There are significant changes in costs and expenses as follows:

- Fuel costs increased of 49 MB from the increase in production of all projects and the start of the North Pit Wall Expansion project since May. In addition, the increase in fuel prices in the world market.
- Maintenance costs increased of 152 MB from the Mae Moh 8 and replacing belts and the Hongsa from major equipment maintenance and heavy truck tires replacement
- Sub contractors cost increased of 4 MB from h the Hongsa according to the work plan

In the 4Q/2022, the company had a gross profit of 210 MB, an increase of 153 million baht or 268% from the 3Q/2022. Gross profit margin increased from 5% to 14% and had a net profit of 75 MB from the net loss of 49 MB in the 3Q/2022, Net profit margin from a net loss of 4%, increased to a net profit of 5%.

### Quarterly Q4/2022 performance compared to Q4/2021 (YoY)

The company's total revenue increased of 146 MB or 11% from the same period last year. As a result of increased production volumes of all projects and compensation for revenue from rising fuel prices. As for the cost of services, an increase of 136 MB or 12%. The major changes in costs as follows:

- Fuel cost increased by 122 MB, due to higher fuel price in with world market conditions and the increased fuel consumption, the commencement of North Pit Wall Expansion project and Increased productivity of all projects.
- Maintenance costs increased by 39 MB from the Mae Moh 8, replacing belts to ensure long-term stability and maintenance of trucks and excavators according to the usage cycle.
- Explosives cost increased by 7 MB from due to the increase in raw material prices according to the market situation and the increasing usage volume due to the necessity of plan.
- Lubricant cost increased by 6 MB in accordance with the market price increase and the maintenance plan for machinery according to hours of use.
- Sub contractor was reduced by 29 MB due to the management of the machinery and the conveyor system to operate at full efficiency.
- Machine rental cost increased by 9 MB due to the improvement of the work site to be able to work continuously due to the conveyor belt relocation.

In the Q4/2022, the company had a gross profit of 210 MB, an increase of 23 million baht or 12% from the same period last year. The net profit increased by 33 MB or 78% from the Q4/2021, while the net profit margin increased from 3% to a net profit margin of 5%.

**Performance in year 2022 compared to year 2021**

The company's revenue increased by 435 MB or 9% from the same period last year. This was due to an increase in unit price according to the contract in the Mae Moh 8 and from the adjustment of revenue from higher fuel prices. In addition, the recognition of revenue from the North Pit Wall Expansion project. Major changes in costs are as follows:

- Fuel costs increased by 337 MB from rising fuel prices in the world market conditions and the increase in fuel consumption, the commencement of the North Pit Wall Expansion project and the increase in productivity of all projects.
- Maintenance costs increased by 289 MB from main machinery maintenance and belt replacement in the Mae Moh 8, while the Hongsa replaced deteriorated 100-ton tires.
- Explosives cost increased by 58 MB due to the increase in raw material prices according to the market situation and the increasing usage volume due to the necessity of the work site.

- Depreciation cost decreased by 75 MB due to some machines have been fully depreciated.
- Sub contractors decreased by 53 MB to the management of the existing machinery and the conveyor system to operate at full efficiency.
- Sell and administrative cost decreased by 145 MB. Because in year 2021, there was a provision for impairment of investment and advance payments for the Muang Kok project.

As a result, the company's gross profit in year 2022 was 848 MB, a decrease of 96 MB or 10%. The gross profit margin decreased from 20% from the same period last year to 16%. Net profit was 308 MB, a decrease of 42 MB or a decrease of 12%, while the net profit margin decreased to 6% from 7%.

## 3. Operation Result by Project

Unit : M THB	Q3/2022	Q4/2022	Q4/2021	% Gain (Loss) QoQ	% Gain (Loss) YoY	2021	2022	% Gain (Loss)
<b>Mae Moh 8</b>								
Service Revenue	723	886	913	23%	(3%)	3,269	3,402	4%
Cost of Services (Include Depreciation <sup>1</sup> )	727	833	833	15%	(0%)	2,700	2,897	7%
<sup>1</sup> Depreciation	156	130	186	(17%)	(30%)	743	624	(16%)
Gross Profit	(4)	53	80	(1,416%)	(34%)	568	504	(11%)
Gross Profit Margin (%)	(1%)	6%	9%	6%	(3%)	17%	15%	(3%)
<b>Hongsa D and Hongsa O&amp;M</b>								
Service Revenue	404	557	433	38%	29%	1,444	1,632	13%
Cost of Services (Include Depreciation <sup>1</sup> )	319	391	323	23%	21%	1,094	1,317	20%
<sup>1</sup> Depreciation	60	59	58	(0%)	2%	229	239	4%
Gross Profit	85	165	110	95%	50%	350	315	(10%)
Gross Profit Margin (%)	21%	30%	25%	9%	4%	24%	19%	(5%)
<b>North Pit Wall Expansion</b>								
Service Revenue	45	60	0	34%	N/A	0	122	N/A
Cost of Services (Include Depreciation <sup>1</sup> )	63	69	0	9%	N/A	2	168	N/A
<sup>1</sup> Depreciation	12	12	0	(2%)	N/A	1	36	N/A
Gross Profit	(18)	(8)	0	(55%)	N/A	(2)	(46)	N/A
Gross Profit Margin (%)	(40%)	(13%)	0%	27%	N/A	NA	NA	N/A

(1) *Mae Moh 8 project*

Mae Moh 8 in Q4/2022 had an increase in revenue of 163 MB from Q3/2022. Gross profit increased of 57 MB or 1,416% due to increased production in this quarter and in the previous quarter had more than normal rainfall and major maintenance of machinery during the rains. While in the 4 Q/2022, the maintenance costs were to replace the belt according to usage conditions to be able to work continuously in the following years. Gross profit margin increased by 6% from negative 1% in Q3/2022.

If considering the performance in the same period of the previous year Gross profit decreased by 27 MB or 34%. Gross profit margin decreased from 9% to 6% due to the increase in the proportion of cost of services compared to revenue. from 91% to 94%

*(2) Hongsa D and Hongsa O&M*

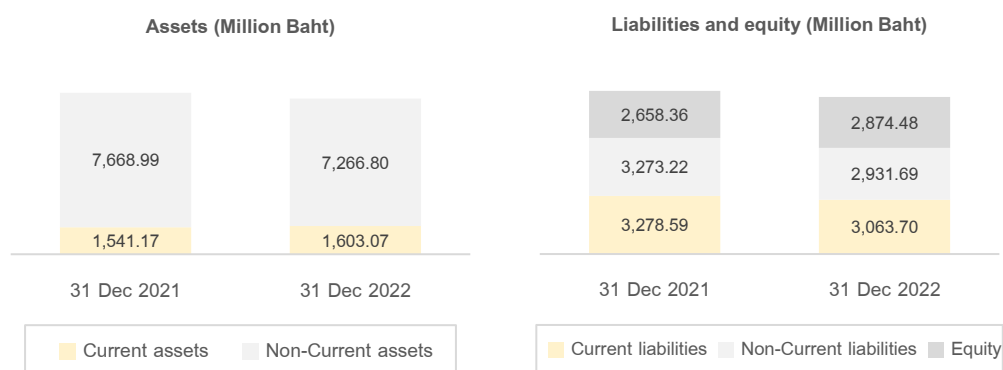
Hongsa was an increase in revenue of 153 MB or 38% from the Q3/2022 from repaired machines to work more efficiently. The project has an increase in maintenance cost of 50 MB from the improvement of the machine condition according to usage. As a result, the gross profit increased by 80 MB or 95%, while the gross profit margin increased to 30% from 21% in the Q3/2022.

If considering the performance in the same period of the previous year. The Hongsa gross profit increases 56 MB or 50% increase from the detention of employees returning to work in the area as usual and the repaired machinery to work at full capacity.

*(3) North Pit Wall Expansion Project*

The North Pit Wall Expansion project was revenue increase of 15 MB or 34% from 3Q/2022. However, the project still had a net loss of 8 MB. The gross profit margin in the Q4/2022 was still negative 13% but improved from Q3/2022 with a negative gross margin of 40%. However, the project started work in May 2021, resulting in higher expenses than revenue, especially depreciation cost recognized in the quarter, which in the following year will be There are plans to increase production accordingly and will reach full capacity by year 2023.

## 4. Financial Position and Cash Flow

Balance Sheet Position**Assets**

Total assets as of 31 December 2022 totaled 8,869.87 million baht, a decrease by 340.29 million baht from that as of 31 December 2021 which totaled 9,210.17 million baht or 3.69% with the following details:

	(Million Baht)			
	31 Dec 2022	31 Dec 2021	change	change %
Current Assets	1,603.07	1,541.17	61.9	4.02
Non – Current Assets	7,266.80	7,668.99	(402.19)	(5.24)
<b>Total assets</b>	<b>8,869.87</b>	<b>9,210.17</b>	<b>(340.29)</b>	<b>(3.69)</b>

**Liabilities**

Total liabilities as of 31 December 2022 were 5,995.39 million baht. Compared to liabilities of 6,551.81 million baht as of 31 December 2021, total liabilities decreased by 556.42 million baht or by 8.49% due to a gradual debt repayment of long-term loans have been made with the following details:

	(Million Baht)			
	31 Dec 2022	31 Dec 2021	change	change %
Current liabilities	3,063.70	3,278.59	(214.89)	(6.55%)
Non - Current liabilities	2,931.69	3,273.22	(341.53)	(10.43%)
<b>Total liabilities</b>	<b>5,995.39</b>	<b>6,551.81</b>	<b>(556.42)</b>	<b>(8.49%)</b>

**Shareholder's equity**

**Management Discussion and Analysis For The Year 2022 Ending 31 December 2022**

Shareholder's equity as of 31 December 2022 amounted to 2,874.48 million baht, an increase by 216.13 million baht or 8.13% from Net profit for this period with details as follows:

(Million Baht)				
	31 Dec 2022	31 Dec 2021	change	change %
Total shareholders' equity	2,874.48	2,658.36	216.13	8.13%

**Statement of Cash Flows**

As of 31 December 2022, cash and cash equivalents stood at 243.22 million baht, an increase by 81.59 million baht or 50.48% 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	1,626.08
Cash flows from investing activities	(493.92)
Cash flows from financing activities	(1,050.57)
Currency translation difference	0.00
Net decrease in cash and cash equivalents	81.59

Cash flows from operating activities was 1,626.08 million baht from operating profit

Cash flows from investing activities amounting at (493.92) million baht, mainly due to asset acquisition according to the project investment plan

Cash flows from financing activities in the amount of (1,050.57) 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 2022 and 2021 were 236.94 million baht and 263.79 million baht respectively, a 10.18% decrease. The main contributing factors mainly because of repayment of long-term loans.

(Million Baht)				
	31 Dec 2022	31 Dec 2021	change	change %
Finance costs	236.94	263.79	(26.85)	(10.18%)



## 5. Key Financial Ratios

Profitability Ratios		2021	2022
Gross Profit (After Depreciation)	(Percent)	20.03	14.89
EBITDA	(Percent)	34.04	28.96
EBIT	(Percent)	12.61	10.72
Net (Loss) Profit	(Percent)	6.92	5.88

Efficiency Ratios		2021	2022
Return on Assets	(Percent)	3.46	3.41
Return on Fix Assets	(Percent)	18.88	18.45
Return on Equity	(Percent)	13.05	11.06

Leverage Ratios		2021	2022
Debt to Equity ratio	(times)	2.46x	2.09x
Interest Bearing Debt to Equity ratio	(times)	2.18x	1.69x