

1.Executive Summary

On March 29, 2023, the company signed a contract for the O&M Services for the Waste Line 2 Conveyor Expansion project with Hongsa Power Co., Ltd., worth 2,275 million baht. The project period is 7 years, starting in 2027 and ending in 2033.

For Q1/2023 performance, Sahakol Equipment Public Company Limited (“the Company”) had total service income of 1,225 million baht, a decrease of 18.6% from Q4/2022 and decreased by 0.4 percent from the same period last year. This was due to the decrease price per unit in the contract and the decrease production from the adjustment of the working area of the conveyor system according to the plan of the Mae Moh 8 project. For the Hongsa D and Hongsa O&M projects achieved a 43.6% increase in service revenue from the same period last year.

Overall, all projects can perform higher than the target set according to the plan. While the total cost of services for all projects increased by 122 million baht or 13.5% from the same period last year caused by 1) the repair of the machine, which is the repair according to the usage cycle 2) the increase in fuel consumption from the start of the North Pit Wall Expansion project 3) the labor costs of the North Pit Wall Expansion project and the Built Lease and Transfer project, started in Q1/2023.

In the first quarter of 2023, the gross profit was 198 million baht, a decrease of 5.7% from the fourth quarter of 2022, which had a gross profit of 210 million baht and a decrease of 39.3% from the same period last year. With a gross profit of 326 million baht, resulting in the company's net profit in the first quarter of 2023 at 54 million baht, a decrease of 28% from 4Q/2022 and a decrease from 1Q/2022 by 74.2%.

2. Financial Performance

Unit : M THB	Q4/2022	Q1/2023	Q1/2022	% Gain (Loss) QoQ	% Gain (Loss) YoY
Total revenues	1,526	1,256	1,380	(17.7%)	1.3%
Service revenues	1,505	1,225	1,346	(18.6%)	(0.4%)
Cost of Services (Include Depreciation ¹)	1,295	1,027	1,159	(20.7%)	13.5%
¹ Depreciation	206	211	245	2.4%	(9.8%)
Gross Profit (After Depreciation)	210	198	187	(5.7%)	(39.3%)
Administrative expenses	88	115	124	30.7%	71.6%
EBITDA	358	335	352	(6.4%)	(34.4%)
Financial cost	59	61	68	3.4%	0.0%
Net Profit*	75	54	42	(28.0%)	(74.2%)
EBITDA margin (%)	23%	27%	25%	3.2%	(14.3%)
Gross Profit Margin (%)	14%	16%	14%	2.2%	(9.8%)
Net Profit Margin (%)	5%	4%	3%	(0.6%)	(12.7%)

*Net Profit (Equity holder of the Company)

Key performance

- Service revenue in Q1/2023 was 1,225 million baht (-18.6% YoY, -0.4% QoQ).
- EBITDA in 1Q/2023 was 335 million baht (-6.4% YoY, -34.4% QoQ).
- Net profit in Q1/2023 was 54 million baht (-28.0% YoY, -74.2% QoQ).

Quarterly Q1/2023 performance compared to Q4/2022 performance (QoQ)

In Q1/2023, the company had total revenue of 1,256 million baht, a decrease of 270 million baht or 17.7% from Q4/2022 due to the decrease price per unit in the Mae Moh 8 contract and belt alignment according to Mae Moh 8 project plan. However, revenue increased from the North Pit Wall Expansion project and the Built Lease and Transfer project that started operating as planned. While the cost of services decreased by 20.7% with significant changes in costs and expenses as follows:

- Maintenance costs decreased by 178 million baht, mainly from the Mae Moh 8 project due to a decrease in planned maintenance and replacement of belts in this quarter.
- Fuel costs decreased by 83 million baht due to the decrease production from the Mae Moh 8 project, Hongsa project and the decline in fuel prices in the world market.
- The cost of explosives decreased by 15 million baht according to the work plan of the site. In addition, the cost of explosives has decreased.

- Subcontractors decreased by 16 million baht from the plan to manage the existing machinery and workspace management.
- Sale and administration expenses increased by 27 million baht due to bank fees from the purchase of machinery for the Built Lease and Transfer project in this quarter and the annual employee remuneration.
- Financial costs increased by 2 million baht due to the bank's loan interest rate adjustment.

As a result, in Q1/2023, the company had a gross profit of 198 million baht, a decrease of 12 million baht or a decrease of 5.7% and a net profit of 54 million baht, a decrease of 21 million baht or a decrease of 28%.

Quarterly Q1/2023 performance compared to Q1/2022 (YoY)

The company's total revenue increased by 16 million baht or 1.3% from the same period last year. This was due to the Hongsa project and the Build, Lease and Transfer project that began operations in Q1/2023 with a 13.5% increase in cost of services due to:

- Maintenance costs increased by 99 million baht, mainly due to repairing machines according to the usage cycle to work at full efficiency in Mae Moh 8 project and Hongsa projects.
- Fuel costs increased by 55 million baht from higher fuel prices. The North Pit Wall Expansion project and the Build, Lease and Transfer project begin operations in Q1/2023.
- Labor costs increased by 33 million baht due to the North Pit Wall Expansion project from the same period last year. Moreover, the Built Lease and Transfer project started in Q1/2023.
- Subcontractors was reduced by 40 million baht. The change from managing existing machines to be able to work at full efficiency. and management of subcontractor in accordance with the amount of work required.
- Cost of depreciation decreased by 22 million baht from some old machines that have been fully depreciated.
- Sale and administration expenses increased by 48 million baht due to the annual employee remuneration and bank fees in this quarter, as well as consulting fees from the commencement of the Built Lease and Transfer project.

As a result, in Q1/2023, the company had a gross profit of 198 million baht, a decrease of 128 million baht or a decrease of 39.3% and a net profit of 54 million baht, a decrease of 155 million baht or a decrease of 74.2% from Q1/2022

3.Operation Result by Project

Unit : M THB	Q4/2022	Q1/2023	Q1/2022	% Gain (Loss) QoQ	% Gain (Loss) YoY
Mae Moh 8					
Service Revenue	886	680	916	(23.2%)	(25.7%)
Cost of Services (Include Depreciation ¹)	833	626	614	(24.9%)	2.0%
¹ Depreciation	134	140	173	4.4%	(19.2%)
Gross Profit	53	54	302	3.4%	(82.0%)
Gross Profit Margin (%)	6%	8%	33%	2.1%	(25.0%)
Hongsa D and Hongsa O&M					
Service Revenue	557	447	311	(19.8%)	43.6%
Cost of Services (Include Depreciation ¹)	391	319	284	(18.5%)	12.3%
¹ Depreciation	59	59	59	(0.9%)	(0.2%)
Gross Profit	165	128	27	(22.8%)	373.4%
Gross Profit Margin (%)	30%	29%	9%	(1.1%)	19.6%
North Pit Wall Expansion					
Service Revenue	60	67	0	10.7%	N/A
Cost of Services (Include Depreciation ¹)	69	69	3	0.6%	N/A
¹ Depreciation	12	12	1	(0.1%)	N/A
Gross Profit	(8)	(2)	(3)	(74.3%)	N/A
Gross Profit Margin (%)	(13%)	(3%)	N/A	10.3%	N/A
Built Lease and Transfer					
Service Revenue	1.9	31.1	0.0	>100%	N/A
Cost of Services (Include Depreciation ¹)	0.0	11.0	0.0	>100%	N/A
¹ Depreciation	0.0	0.2	0.0	N/A	N/A
Gross Profit	1.9	20.1	0.0	>100%	N/A
Gross Profit Margin (%)	(98%)	65%	0%	>100%	N/A

(1) *Mae Moh 8 project*

Mae Moh 8 project had revenue of 680 million baht, a decrease of 23.2% from Q4/2022 due to the decrease price per unit in the contract and the decrease production. While the maintenance cost from replacing the belt is minimal and the lubricant cost is increased from the maintenance plan of the machine according to the hours of use. As a result, the gross profit margin increased to 8% from 6% in Q4/2022.

If considering the performance in the same period of the previous year. Gross profit decreased by 248 million baht or 82% from decrease price per unit in the contract and the decrease production plan compared to the same period. As a result, the gross profit margin decrease from 33% to 8% in 1Q/2023.

(2) Hongsa D and Hongsa O&M

Hongsa project, the revenue was 447 million baht, a decrease of 110 million baht or 19.8% from Q4/2022 due to the planned reduction in production volume. As a result, the gross profit decreased by 38 million baht or decreased by 22.8%. The gross profit margin decreased from 30% to 29% in Q1/2023.

If considering the performance in the same period of the previous year The Hongsa project's gross profit increased by 101 million baht or 373.4%. As a result, the gross profit margin increased to 28% from 9% in 1Q/2022.

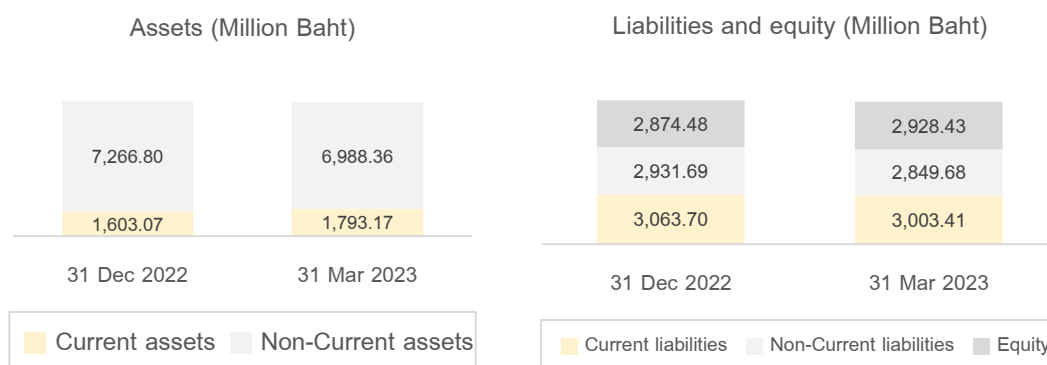
(3) North Pit Wall Expansion Project

The North Pit Wall Expansion project revenue increased by 7 million baht or 10.7% from Q4/2022. However, the project still had a loss of 2 million baht. While the cost of maintenance of the machine according to the hours of use and labor costs increased. It is expected that this year there will be more production plans from last year.

(4) Built Lease and Transfer Project

The Built Lease and Transfer project is a construction of a conveyor system to be delivered to the employer. In Q1/2023, the revenue was 31 million baht, and the gross profit was 20 million baht. Recognize income according to percentage of completion.

4. Financial Position and Cash Flow

**Balance Sheet Position****Assets**

Total assets as of 31 March 2023 totaled 8,781.52 million baht, decrease by 88.35 million baht from that as of 31 December 2022 which totaled 8,869.87 million baht or 1.00% with the following details:

	(Million Baht)			
	31 March 2023	31 Dec 2022	change	change %
Current Assets	1,793.17	1,603.07	190.10	11.86
Non – Current Assets	6,988.36	7,266.80	(278.44)	(3.83)
Total assets	8,781.52	8,869.87	(88.35)	(1.00)

Liabilities

Total liabilities as of 31 March 2023 were 5,853.09 million baht. Compared to liabilities of 5,995.39 million baht as of 31 December 2022, total liabilities decrease by 142.30 million baht or by 2.37% due to a gradual debt repayment of long-term loans have been made with the following details:

	(Million Baht)			
	31 March 2023	31 Dec 2022	change	change %
Current liabilities	3,003.41	3,063.70	(60.29)	(1.97)
Non - Current liabilities	2,849.68	2,931.69	(82.01)	(2.80)
Total liabilities	5,853.09	5,995.39	(142.30)	(2.37)

Management Discussion and Analysis for the first quarter Ending 31 March 2023
Shareholder's equity

Shareholder's equity as of 31 March 2023 amounted to 2,928.43 million baht, an increase by 53.95 million baht or 1.88% from Net profit for this period with details as follows:

		(Million Baht)			
		31 March 2023	31 Dec 2022	change	change %
Total shareholders' equity		2,928.43	2,874.48	53.95	1.88

Statement of Cash Flows

As of 31 March 2023, cash and cash equivalents stood at 211.06 million baht, decrease by 32.16 million baht or 13% from those in 2022 which had cash and cash equivalents amounted to 243.22 million baht as summarized below:

		(Million Baht)
Cash flows from operating activities		(44.45)
Cash flows from investing activities		(10.64)
Cash flows from financing activities		22.92
Currency translation difference		-
Net decrease in cash and cash equivalents		(32.16)

Cash flows from operating activities was (44.45) million baht from operating profit

Cash flows from investing activities amounting at (10.64) million baht, mainly due to asset acquisition according to the project investment plan.

Cash flows from financing activities in the amount of 22.92 million baht, mainly arising from from short-term loans repayment and included long-term loans repayment

Financial Cost

Financial cost for Q1/2023 and Q1/2022 were 60.89 million baht and 60.58 million baht respectively, a 0.51% an increase. The main contributing factors mainly because of repayment of long-term loans.

		(Million Baht)			
		31 March 2023	31 Dec 2022	change	change %
Financial cost		60.89	60.58	0.31	0.51

5. Key Financial Ratios

Profitability Ratios		2022	Q1/2023
Gross Profit (After Depreciation)	(Percent)	14.89	16.20
EBITDA	(Percent)	28.96	29.09
EBIT	(Percent)	10.72	9.27
Net (Loss) Profit	(Percent)	5.88	4.30

Efficiency Ratios		2022	*Q1/2023
Return on Assets	(Percent)	3.41	1.73
Return on Fix Assets	(Percent)	18.45	16.21
Return on Equity	(Percent)	11.06	5.27

Leverage Ratios		2022	Q1/2023
Debt to Equity ratio	(times)	2.09x	2.00x
Interest Bearing Debt to Equity ratio	(times)	1.69x	1.66x

Note *Key financial ratios as of 31 March 2023 was calculated based on last 12 months.