

Ref. No. 0866/38E

August 11, 2023

Subject: Clarification on the Operating Results in the 2<sup>nd</sup> Quarter 2023 and the First 6-Month Period of 2023

Attn: President

The Stock Exchange of Thailand

The Company wishes to report on the Company's operating results in the 2<sup>nd</sup> quarter 2023 and the first 6-month period of 2023, having details as follows:

(1) Net profit of the Company and subsidiary companies in the 2<sup>nd</sup> quarter 2023 totaled Baht 641.43 million, which decreased from the 2<sup>nd</sup> quarter 2022 by Baht 556.74 million, and net earnings per share was Baht 1.22 per share, which decreased from the 2<sup>nd</sup> quarter 2022 by Baht 1.06 per share or 46.47 percent, due to the following reasons:

(1.1) Net profit from coal business derived from shareholding proportion of the Company in the 2<sup>nd</sup> quarter 2023 was Baht 586.65 million, which decreased from the 2<sup>nd</sup> quarter 2022 by Baht 576.62 million or 49.57 percent. This was due to the decrease in coal sales volume and average coal selling price of 1.43 percent and 25.75 percent, respectively.

(1.2) Net profit from ethanol business derived from shareholding proportion of the Company in the 2<sup>nd</sup> quarter 2023 was Baht 2.14 million, which increased from the 2<sup>nd</sup> quarter 2022 by Baht 26.40 million or 108.82 percent. This was due to the increase in ethanol sales volume and average ethanol selling price of 147.95 percent and 9.17 percent, respectively; and

(1.3) Share of income from associated companies totaled Baht 52.64 million, which decreased from the 2<sup>nd</sup> quarter 2022 by Baht 6.52 million or 11.02 percent due to the decrease in profit of associated companies.

(2) Net profit of the Company and subsidiary companies in the first 6-month period of 2023 totaled Baht 1,422.11 million, which decreased from the first 6-month period of 2022 by Baht 391.30 million and net earnings per share was Baht 2.71 per share, which decreased from the first 6-month period of 2022 by Baht 0.74 per share or 21.58 percent, due to the following reasons:

(2.1) Net profit from coal business derived from shareholding proportion of the Company in the first 6-month period of 2023 was Baht 1,300.95 million, which decreased from the first 6-month period of 2022 by Baht 448.20 million or 25.62 percent. This was due to the decrease in the average coal selling price of 11.10 percent.

(2.2) Net profit from ethanol business derived from shareholding proportion of the Company in the first 6-month period of 2023 was Baht 30.17 million, which increased from the first 6-month period of 2022 by Baht 51.75 million or 239.81 percent. This was due the increase in ethanol sales volume and average ethanol selling price of 42.12 percent and 13.02 percent, respectively; and

(2.3) Share of income from associated companies totaled Baht 90.99 million, which increased from the first 6-month period of 2022 by Baht 5.15 million or 6.00 percent due to the increase in profit of associated companies.

Details of the changes or impacts that occurred have been described in the Management Discussion and Analysis (MD&A).

Please be informed accordingly.

Yours faithfully,  
For and on behalf of  
Lanna Resources Public Company Limited

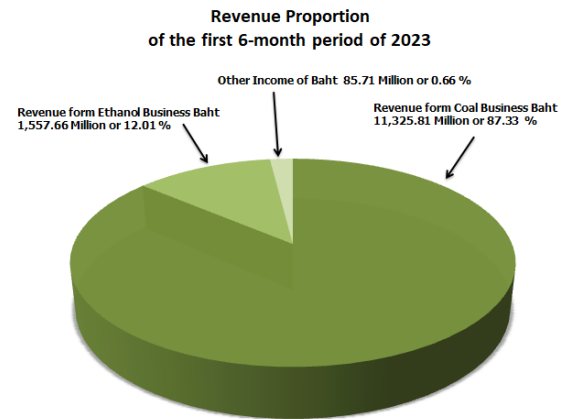
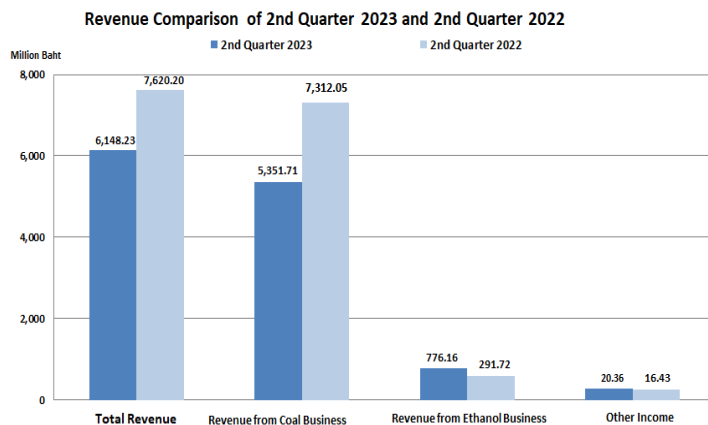
(Mrs. Petcharat Chayanon)  
Chief Officer – Accounting and Finance

## MANAGEMENT DISCUSSION AND ANALYSIS

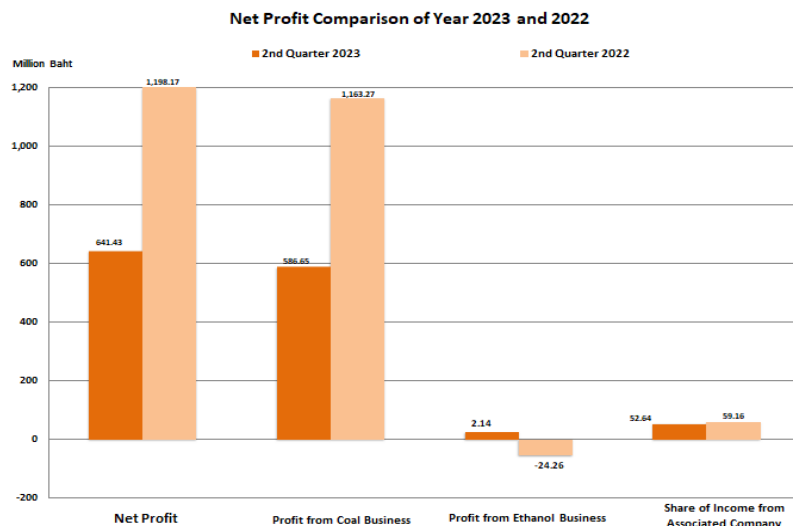
(For the Consolidated Financial Statements of the 2<sup>nd</sup> quarter 2023 and the first 6-month period of 2023)

### OVERALL OPERATING RESULTS

The total revenue of the Company and subsidiary companies in the 2<sup>nd</sup> quarter 2023 was Baht 6,148.23 million, which decreased from the same period last year by Baht 1,471.97 million or 19.32 percent and the total revenue in the first 6-month period of 2023 was Baht 12,969.18 million, which increased from the same period last year by Baht 334.62 million or 2.65 percent. The revenue proportion from coal business, ethanol business and other income in the first 6-month period of 2023 accounted for 87.33 percent, 12.01 percent and 0.66 percent, respectively.



The net profit of the Company and subsidiary companies in the 2<sup>nd</sup> quarter 2023 and the first 6-month period of 2023 totaled Baht 641.43 million and 1,422.11 million or Baht 1.22 and 2.71 per share, which decreased from the same period last year by Baht 556.74 million and 391.30 million or 46.47 percent and 21.58 percent. The net profit proportion from coal business, ethanol business and other income accounted for 91.48 percent, 2.12 percent, and 6.40 percent, respectively, with the net profit margin of 17.92 percent, the EBITDA margin of 34.64 percent, and the return on equity of 18.27 percent.



The overall financial position and liquidity of the Company and subsidiary companies as at June 30, 2023 were considered excellent. The current ratio was as high as 2.51 times and the quick ratio was as high as 1.81 times and the total debt to total assets ratio was only 31.41 percent with debt to equity ratio of only 45.80 percent.

**Operating Results of the Coal Business or the Core Business:** The Company and subsidiary companies had total revenue from coal business in the 2<sup>nd</sup> quarter 2023 and the first 6-month period of 2023 of Baht 5,351.71 million and 11,325.81 million, which decreased from the same period last year by Baht 1,960.34 million and 282.37 million or 26.81 percent and 2.43 percent, due to the decrease in average coal selling price from the same period last year of 25.75 percent and 11.10 percent, and the coal sales volume in the 2<sup>nd</sup> quarter 2023 decreased from the same period last year by 1.43 percent, but the coal sales volume in the first 6-month period of 2023 increased from the same period last year by 9.75 percent. The net profit derived from shareholding proportion of the Company in the 2<sup>nd</sup> quarter 2023 and the first 6-month period of 2023 were Baht 586.65 million and 1,300.95 million, which decreased from the same period last year by Baht 576.62 million and 448.20 million or 49.57 percent and 25.62 percent. This was due to a significant decline in coal prices as a result of the decrease in global coal supply and a reduction in China's coal imports.

**Operating Results of the Ethanol-for-Fuel Business or the Secondary Core Business:** The Company and subsidiary company had total revenue from ethanol business in the 2<sup>nd</sup> quarter 2023 and the first 6-month period of 2023 of Baht 776.16 million and 1,557.66 million, which increased from the same period last year by Baht 484.44 million and 594.33 million or 166.06 percent and 61.70 percent. This was due to the average ethanol selling price in the 2<sup>nd</sup> quarter 2023 and the first 6-month period of 2023 increased from the same period last year by 9.17 percent and 13.02 percent and the ethanol sales volume increased by 147.95 percent and 42.12 percent. The net profit derived from shareholding proportion of the Company in the 2<sup>nd</sup> quarter 2023 and the first 6-month period of 2023 were Baht 2.14 million and 30.17 million, which increased from the same period last year by Baht 26.40 million and 51.75 million or 108.82 percent and 239.81 percent, respectively.

### Operating Results Analysis

Revenue (Unit : Million Baht)	2 <sup>nd</sup> Quarter (Apr.-Jun.)		Increase (Decrease) (%)	First 6-Month Period (Jan. – Jun.)		Increase (Decrease) (%)
	2023	2022 (Revised)		2023	2022 (Revised)	
Revenue from Coal Sales	5,351.71	7,312.05	(26.81)	11,325.81	11,608.18	(2.43)
Revenue from Ethanol Sales	776.16	291.72	166.06	1,557.66	963.33	61.70
Other Income	20.36	16.43	23.92	85.71	63.05	35.94
<b>Total Revenue</b>	<b>6,148.23</b>	<b>7,620.20</b>	<b>(19.32)</b>	<b>12,969.18</b>	<b>12,634.56</b>	<b>2.65</b>

### REVENUE

(1) Revenue of the Company and subsidiary companies in the 2<sup>nd</sup> quarter 2023 totaled Baht 6,148.23 million, which decreased from the same period last year by Baht 1,471.97 million or 19.32 percent due to the following reasons:

(1.1) Revenue from coal business, which is the core business, was Baht 5,351.71 million, which decreased from the 2<sup>nd</sup> quarter 2022 by Baht 1,960.34 million or 26.81 percent. This was due to the decrease in coal sales volume and average coal selling price as described above.

(1.2) Revenue from ethanol business, which is the secondary core business, was Baht 776.16 million, which increased from the 2<sup>nd</sup> quarter 2022 by Baht 484.44 million or 166.06 percent. This was due to the increase in ethanol sales volume and average ethanol selling price as described above; and

(1.3) Other income totaled Baht 20.36 million, which increased from the same period last year by Baht 3.93 million or 23.92 percent. This was due to the increase in revenue from port and jetty rental fees of the subsidiary company in Indonesia.

(2) Revenue of the Company and subsidiary companies in the first 6-month period of 2023 totaled Baht 12,969.18 million, which increased from the same period last year by Baht 334.62 million or 2.65 percent due to the following reasons:

(2.1) Revenue from coal business, which is the core business, was Baht 11,325.81 million, which decreased from the first 6-month period of 2022 by Baht 282.37 million or 2.43 percent. This was due to the decrease in the average coal selling price as described above.

(2.2) Revenue from ethanol business, which is the secondary core business, was Baht 1,557.66 million, which increased from the first 6-month period of 2022 by Baht 594.33 million or 61.70 percent. This was due to the increase in ethanol sales volume and average ethanol selling price as described above; and

(2.3) Other income totaled Baht 85.71 million, which increased from the same period last year by Baht 22.66 million or 35.94 percent. This was due to the increase in foreign exchange gain.

Expenses (Unit : Million Baht)	2 <sup>nd</sup> Quarter (Apr.- Jun.)		Increase (Decrease) (%)	First 6-Month Period (Jan. – Jun.)		Increase (Decrease) (%)
	2023	2022 (Revised)		2023	2022 (Revised)	
<b>Coal Business</b>						
Cost of sales	2,299.13	2,259.99	1.73	4,607.82	3,896.59	18.25
Selling and administrative expenses	1,547.47	2,024.03	(23.55)	3,300.28	3,199.79	3.14
Financial (Income) expense	(10.72)	(1.18)	(808.47)	(20.21)	(6.46)	(212.85)
Corporate income tax	571.66	1,101.38	(48.10)	1,322.05	1,657.40	(20.23)
<b>Ethanol Business</b>						
Cost of sales	707.89	287.49	146.23	1,390.28	921.43	50.88
Selling and administrative expenses	45.90	50.21	(8.58)	87.12	72.42	20.30
Financial expense	17.20	10.77	59.70	34.25	21.09	62.40
Corporate income tax	1.52	(8.89)	117.10	14.81	(9.01)	264.37

### COAL BUSINESS EXPENSES

(1) Coal business expenses of the Company and subsidiary companies in the 2<sup>nd</sup> quarter 2023 totaled Baht 4,407.54 million, which decreased from the 2<sup>nd</sup> quarter 2022 by Baht 976.68 million or 18.14 percent, due to the following reasons:

(1.1) Cost of coal sales increased from the 2<sup>nd</sup> quarter 2022 by Baht 39.14 million or 1.73 percent, due to the increase in cost of coal sales per metric ton of 3.21 percent but the coal sales volume decreased by 1.43 percent.

(1.2) Selling and administrative expenses decreased from the 2<sup>nd</sup> quarter 2022 by Baht 476.56 million or 23.55 percent due to the decrease in royalty fee payment to the government in accordance with the decrease in coal sales volume and average coal selling price.

(1.3) Financial expense decreased from the 2<sup>nd</sup> quarter 2022 by Baht 9.54 million or 808.47 percent due to the increase in interest received; and

(1.4) Corporate income tax decreased from the 2<sup>nd</sup> quarter 2022 by Baht 529.72 million or 48.10 percent due to the decrease in profit.

(2) Coal business expenses of the Company and subsidiary companies in the first 6-month period of 2023 totaled Baht 9,209.94 million, which increased from the first 6-month period of 2022 by Baht 462.64 million or 5.29 percent, due to the following reasons:

(2.1) Cost of coal sales increased from the first 6-month period of 2022 by Baht 711.23 million or 18.25 percent, due to the increase in coal sales volume and cost of coal sales per metric ton of 9.75 percent and 7.74 percent, respectively.

(2.2) Selling and administrative expenses increased from the first 6-month period of 2022 by Baht 100.49 million or 3.14 percent due to the increase in royalty fee payment to the government in accordance with the increase in coal sales volume.

(2.3) Financial expense decreased from the first 6-month period of 2022 by Baht 13.75 million or 212.85 percent due to the increase in interest received; and

(2.4) Corporate income tax decreased from the first 6-month period of 2022 by Baht 335.35 million or 20.23 percent due to the decrease in profit.

### ETHANOL BUSSINESS EXPENSES

(1) Ethanol business expenses of the subsidiary company in the 2<sup>nd</sup> quarter 2023 totaled Baht 772.51 million, which increased from the 2<sup>nd</sup> quarter 2022 by Baht 432.93 million or 127.49 percent, due to the following reasons:

(1.1) Cost of ethanol sales increased from the 2<sup>nd</sup> quarter 2022 by Baht 420.40 million or 146.23 percent due to the increase in ethanol sales volume of 147.95 percent.

(1.2) Selling and administrative expenses decreased from the 2<sup>nd</sup> quarter 2022 by Baht 4.31 million or 8.58 percent. This was due to the transfer of production expenses to selling and administrative expenses in the 2<sup>nd</sup> quarter 2022 since there was a shortage of raw materials, which had caused a halt in certain ethanol production activities. However, ethanol production has resumed its regular operation in the 2<sup>nd</sup> quarter 2023.

(1.3) Financial expense increased from the 2<sup>nd</sup> quarter 2022 by Baht 6.43 million or 59.70 percent due to the increase in interest expense; and

(1.4) Corporate income tax increased from the 2<sup>nd</sup> quarter 2022 by Baht 10.41 million due to the increase in profit.

(2) Ethanol business expenses of the subsidiary company in the first 6-month period of 2023 totaled Baht 1,526.46 million, which increased from the the first 6-month period of 2022 by Baht 520.53 million or 51.75 percent, due to the following reasons:

(2.1) Cost of ethanol sales increased from the first 6-month period of 2022 by Baht 468.85 million or 50.88 percent due to the increase in ethanol sales volume of 42.12 percent, and the average cost of ethanol sales per liter increased by 6.18 percent due to the increase of 6.41 percent in molasses price, which is the main raw material for ethanol production.

(2.2) Selling and administrative expenses increased from the first 6-month period of 2022 by Baht 14.70 million or 20.30 percent. This was due to the increase in freight cost in line with the rise in fuel prices.

(2.3) Financial expense increased from the first 6-month period of 2022 by Baht 13.16 million or 62.40 percent due to the increase in interest expense; and

(2.4) Corporate income tax increased from the first 6-month period of 2022 by Baht 23.82 million due to the increase in profit.

Gross Profit (Unit : Million Baht)	Coal Business		Ethanol Business		Total	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>2<sup>nd</sup> Quarter 2023</b>						
Revenues from sales	5,351.71	100.00	776.16	100.00	6,127.87	100.00
<b>Less</b> Cost of sales	2,299.13	42.96	707.89	91.20	3,007.02	49.07
<b>Gross Profit</b>	<b>3,052.58</b>	<b>57.04</b>	<b>68.27</b>	<b>8.80</b>	<b>3,120.85</b>	<b>50.93</b>
<b>2<sup>nd</sup> Quarter 2022 (Revised)</b>						
Revenues from sales	7,312.05	100.00	291.72	100.00	7,603.77	100.00
<b>Less</b> Cost of sales	2,259.99	30.91	287.49	98.55	2,547.48	33.50
<b>Gross Profit</b>	<b>5,052.06</b>	<b>69.09</b>	<b>4.23</b>	<b>1.45</b>	<b>5,056.29</b>	<b>66.50</b>
<b>First 6-Month Period of 2023</b>						
Revenues from sales	11,325.81	100.00	1,557.66	100.00	12,883.47	100.00
<b>Less</b> Cost of sales	4,607.82	40.68	1,390.28	89.25	5,998.10	46.56
<b>Gross Profit</b>	<b>6,717.99</b>	<b>59.32</b>	<b>167.38</b>	<b>10.75</b>	<b>6,885.37</b>	<b>53.44</b>
<b>First 6-Month Period of 2022 (Revised)</b>						
Revenues from sales	11,608.18	100.00	963.33	100.00	12,571.51	100.00
<b>Less</b> Cost of sales	3,896.59	33.57	921.43	95.65	4,818.02	38.32
<b>Gross Profit</b>	<b>7,711.59</b>	<b>66.43</b>	<b>41.90</b>	<b>4.35</b>	<b>7,753.49</b>	<b>61.68</b>

#### GROSS PROFIT

(1) Gross profit of the Company and subsidiary companies in the 2<sup>nd</sup> quarter 2023 totaled Baht 3,120.85 million or 50.93 percent of the sales revenue, which decreased from the 2<sup>nd</sup> quarter 2022 with the gross profit of Baht 5,056.29 million or 66.50 percent of the sales revenue, due to the following reasons:

(1.1) Gross profit from coal business in the 2<sup>nd</sup> quarter 2023 totaled Baht 3,052.58 million or 57.04 percent of the sales revenue, which decreased from the 2<sup>nd</sup> quarter 2022 with gross profit of Baht 5,052.06 million or 69.09 percent of the sales revenue. This was due to the decrease in the average coal selling price of 25.75 percent and the average cost of coal sales increased by 3.21 percent; and

(1.2) Gross profit from ethanol business in the 2<sup>nd</sup> quarter 2023 totaled Baht 68.27 million or 8.80 percent of the sales revenue, which increased from the 2<sup>nd</sup> quarter 2022 with gross profit of Baht 4.23 million or 1.45 percent of the sales revenue. This was due to the increase in the average ethanol selling price of over 9.17 percent but the cost of ethanol sales slightly increased by 0.70 percent.

(2) Gross profit of the Company and subsidiary companies in the first 6-month period of 2023 totaled Baht 6,885.37 million or 53.44 percent of the sales revenue, which decreased from the first 6-month period of 2022 with the gross profit of Baht 7,753.49 million or 61.68 percent of the sales revenue, due to the following reasons:

(2.1) Gross profit from coal business in the first 6-month period of 2023 totaled Baht 6,717.99 million or 59.32 percent of the sales revenue, which decreased from the first 6-month period of 2022 with gross profit of Baht

7,711.59 million or 66.43 percent of the sales revenue. This was due to the decrease in the average coal selling price of over 11.10 percent and the average cost of coal sales increased by 7.74 percent; and

(2.2) Gross profit from ethanol business in the first 6-month period of 2023 totaled Baht 167.38 million or 10.75 percent of the sales revenue, which increased from the first 6-month period of 2022 with gross profit of Baht 41.90 million or 4.35 percent of the sales revenue. This was due to the increase in the average ethanol selling price and the cost of ethanol sales of 13.02 percent and 6.18 percent, respectively.

Net Profit (Unit: Million Baht)	2 <sup>nd</sup> Quarter (Apr. – Jun.)		Increase (Decrease) (%)	First 6-Month Period (Jan. – Jun.)		Increase (Decrease) (%)
	2023	2022		2023	2022	
Profit from Coal Business	586.65	1,163.27	(49.57)	1,300.95	1,749.15	(25.62)
Profit (Loss) from Ethanol Business	2.14	(24.26)	108.82	30.17	(21.58)	239.81
Share of income from associated companies	52.64	59.16	(11.02)	90.99	85.84	6.00
<b>Net Profit</b>	<b>641.43</b>	<b>1,198.17</b>	<b>(46.47)</b>	<b>1,422.11</b>	<b>1,813.41</b>	<b>(21.58)</b>
<b>Net Earnings per Share (Baht per Share)</b>	<b>1.22</b>	<b>2.28</b>	<b>(46.47)</b>	<b>2.71</b>	<b>3.45</b>	<b>(21.58)</b>
<b>Remark: Registered par value of Baht 1 per share</b>						

### NET PROFIT

(1) The net profit of the Company and subsidiary companies in the 2<sup>nd</sup> quarter 2023 totaled Baht 641.43 million, which decreased from the 2<sup>nd</sup> quarter 2022 by Baht 556.74 million and net earnings per share was Baht 1.22 per share, which decreased from the 2<sup>nd</sup> quarter 2022 by Baht 1.06 per share or 46.47 percent, due to the following reasons:

(1.1) Net profit from coal business derived from shareholding proportion of the Company in the 2<sup>nd</sup> quarter 2023 was Baht 586.65 million, which decreased from the 2<sup>nd</sup> quarter 2022 by Baht 576.62 million or 49.57 percent. This was due to the decrease in coal sales volume and average coal selling price as described above.

(1.2) Net profit from ethanol business derived from shareholding proportion of the Company in the 2<sup>nd</sup> quarter 2023 was Baht 2.14 million, which increased from the 2<sup>nd</sup> quarter 2022 by Baht 26.40 million or 108.82 percent. This was due to the increase in ethanol sales volume and average ethanol selling price as described above; and

(1.3) Share of income from associated companies totaled Baht 52.64 million, which decreased from the 2<sup>nd</sup> quarter 2022 by Baht 6.52 million or 11.02 percent due to the decrease in profit of the associated companies.

(2) The net profit of the Company and subsidiary companies in the first 6-month period of 2023 totaled Baht 1,422.11 million, which decreased from the first 6-month period of 2022 by Baht 391.30 million and net earnings per share was Baht 2.71 per share, which decreased from the first 6-month period of 2022 by Baht 0.74 per share or 21.58 percent, due to the following reasons:

(2.1) Net profit from coal business derived from shareholding proportion of the Company in the first 6-month period of 2023 was Baht 1,300.95 million, which decreased from the first 6-month period of 2022 by Baht 448.20 million or 25.62 percent. This was due to the decrease in average coal selling price as described above.

(2.2) Net profit from ethanol business derived from shareholding proportion of the Company in the first 6-month period of 2023 was Baht 30.17 million, which increased from the first 6-month period of 2022 by Baht 51.75 million or 239.81 percent. This was due to the increase in ethanol sales volume and average ethanol selling price as described above; and

(2.3) Share of income from associated companies totaled Baht 90.99 million, which increased from the first 6-month period of 2022 by Baht 5.15 million or 6.00 percent due to the increase in profit of the associated companies.

### EARNINGS EFFICIENCY

(1) EBITDA (Earnings before financial expenses, corporate income tax, depreciation and amortization) of the Company and subsidiary companies in the first 6-month period of 2023 was Baht 4,491.95 million, which decreased from the first 6-month period of 2022 by Baht 665.37 million or 12.90 percent and EBITDA margin was at 34.64 percent, which decreased from the first 6-month period of 2022 by 15.15 percent.



(2) Net profit margin of the Company and subsidiary companies in the first 6-month period of 2023 was at 17.92 percent, which decreased from the first 6-month period of 2022 by 23.70 percent.

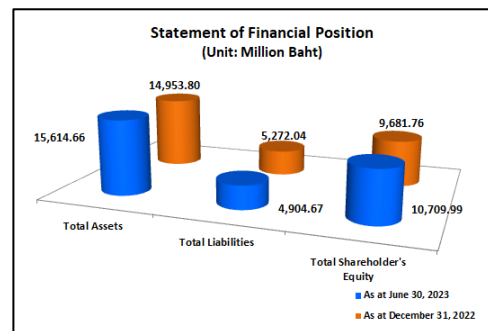
(3) Return on equity of the Company and subsidiary companies in the first 6-month period of 2023 was at 18.27 percent, which decreased from the first 6-month period of 2022 by 35.46 percent.

(4) Return on total assets and the return on fixed assets of the Company and subsidiary companies in the first 6-month period of 2023 were at 15.20 percent and 75.25 percent, which decreased from the first 6-month period of 2022 by 31.28 percent and 9.50 percent, respectively.

#### STATEMENTS OF FINANCIAL POSITION

Description	Unit	As at June 30, 2023	As at December 31, 2022 (Revised)	Increase (Decrease)	%
Total Assets	Million Baht	15,614.66	14,953.80	660.86	4.42
Total Liabilities	Million Baht	4,904.67	5,272.04	(367.37)	(6.97)
Total Shareholders' Equity	Million Baht	10,709.99	9,681.76	1,028.23	10.62
<b>Book Value</b>	<b>Baht per Share</b>	<b>15.50</b>	<b>14.15</b>	<b>1.35</b>	<b>9.54</b>
<b>Remark: Registered par value of Baht 1 per share</b>					

**ASSETS:** The total assets of the Company and subsidiary companies as at June 30, 2023 was Baht 15,614.66 million, which increased from the end of year 2022 by Baht 660.86 million or 4.42 percent, due to (1) current assets increased by Baht 722.09 million or 8.33 percent, consisting of: (A) cash and cash equivalent increased by Baht 74.57 million or 1.67 percent; (B) trade accounts receivable and other accounts receivable increased by Baht 393.68 million or 20.95 percent; (C) inventories increased by Baht 411.88 million or 70.62 percent; and (D) other current assets most of which were prepaid corporate income tax, advance payment for goods, etc., decreased by Baht 158.04 million or 9.14 percent; and (2) non-current assets decreased by Baht 61.23 million or 0.97 percent.



**LIABILITIES:** The total liabilities of the Company and subsidiary companies as at June 30, 2023 was Baht 4,904.67 million, which decreased from the end of year 2022 by Baht 367.37 million or 6.97 percent, due to (1) trade accounts payable and other accounts payable increased by Baht 151.12 million or 20.21 percent (2) accrued expenses, most of which were overburden removal expenses and freight cost, etc., decreased by Baht 274.39 million or 16.52 percent (3) other liabilities, most of which were deferred tax, provision for mine rehabilitation of the subsidiary companies, and allowance for long-term benefits of employees, etc., increased by Baht 60.84 million or 7.12 percent; and (4) short-term loan and long-term loan of the subsidiary companies decreased by Baht 304.94 million or 15.18 percent.

**TOTAL SHAREHOLDERS' EQUITY:** The total shareholders' equity of the Company and subsidiary companies as at June 30, 2023 was Baht 10,709.99 million, which increased from the end of year 2022 by Baht 1,028.23 million or 10.62 percent, resulting in an increase of the share's book value from Baht 14.16 per share to Baht 15.50 per share, an increase of Baht 1.34 per share or 9.46 percent. This was due to (1) an increase in retained earnings of Baht 608.33 million or 10.08 percent due to an increase in net profit of Baht 1,422.11 million and a decrease in revised comprehensive income items of Baht 0.03 million, with a dividend payment of Baht 813.75 million (2) a decrease in translation adjustment in financial of Baht 96.47 million or 51.10 percent; and (3) an increase in minority shareholders' equity of Baht 323.43 million or 14.37 percent.

## CASH FLOWS

Description	Unit: Million Baht	
	2 <sup>nd</sup> Quarter 2023	2 <sup>nd</sup> Quarter 2022 (Revised)
Cash Flows from (used in) Operating Activities	2,275.80	2,523.10
Cash Flows from (used in) Investing Activities	(786.55)	(598.07)
Cash Flows from (used in) Financing Activities	(1,718.80)	(995.90)
Increase (Decrease) in Translation Adjustments in Financial Statements	100.94	118.61
Net Increase (Decrease) in Cash	(128.61)	1,047.74
Cash at the beginning of the period	3,028.67	2,163.72
<b>Cash at the end of the period</b>	<b>2,900.06</b>	<b>3,211.46</b>

(1) The net cash from operating activities of the Company and subsidiary companies in the first 6-month period of 2023 totaled Baht 2,275.80 million, consisting of (A) income before corporate income tax and interest expense of Baht 3,660.62 million (B) transactions that did not affect the cash such as depreciation and amortization of assets, most of which were mostly transactions concerning coal mining operations of the subsidiary companies in Indonesia of Baht 758.88 million (C) an increase in operating assets of Baht 583.69 million (D) an increase in operating liabilities of Baht 414.82 million (E) interest received of Baht 27.31 million; and (F) interest expenses and taxes of Baht 2,002.14 million.

(2) The net cash used in investing activities of the Company and subsidiary companies in the first 6-month period of 2023 totaled Baht 786.55 million, consisting of (A) an increase in properties, buildings and equipment, most of which were the second coal processing plant and the expansion of the port and jetty to increase the production capacity of the subsidiary company in Indonesia, of Baht 199.04 million (B) an increase in expenses of coal mine projects of subsidiary companies in Indonesia of Baht 512.24 million (C) short-term capital investment and other items increased by Baht 131.77 million (D) loans to related parties decreased by Baht 45.85 million; and (E) a dividend received from associated company of Baht 10.65 million.

(3) The net cash used in financing activities of the Company and subsidiary companies in the first 6-month period of 2023 totaled Baht 1,718.80 million, consisting of (A) a decrease in loan of Baht 326.82 million (B) dividend payment of Baht 1,453.04 million; and (C) an increase in minority shareholders' equity of Baht 61.06 million.

### ASSET MANAGEMENT CAPABILITY

(1) The trade accounts receivable and other accounts receivable of the Company and subsidiary companies as at June 30, 2023 were 14.56 percent of total assets.

(2) Inventory of the Company and subsidiary companies as at June 30, 2023 was 6.37 percent of total assets.

(3) The Company's goodwill incurred from investment in the subsidiary company as at June 30, 2023 accounted for 1.19 percent of total assets.

### LIQUIDITY AND SUFFICIENCY OF CAPITAL

(1) The current ratio and the quick ratio of the Company and subsidiary companies as at June 30, 2023 were as high as 2.51 times and 1.81 times, respectively. In addition, the Company and subsidiary companies have sufficient credit facilities for future working capital.

(2) The total debt-to-equity ratio of the Company and subsidiary companies as at June 30, 2023 was as low as 0.46:1 with appropriate capital structure. The Company has cash generation and credit facilities sufficient for future investment projects.

(3) The cash cycle of the Company and subsidiary companies in the first 6-month period of 2023 was 32 days, which decreased from the same period last year by 4 days. The average debt collection period was at 28 days, which decreased from the same period last year by 1 day. The average inventory turnover was at 24 days, which decreased from the same period last year by 5 days but the average debt repayment period was at 20 days, which decreased from the same period last year by 2 days.

### DEBT OBLIGATION

The subsidiary company in a business of ethanol production and distribution for fuel purpose has obligation according to the terms and conditions of the loan agreement with a local commercial bank, which is the lender as follows:

(1) The subsidiary company must maintain its D/E ratio (Debt to Equity Ratio) not exceeding 2.5 times and DSCR (Debt Service Coverage Ratio) of no less than 1.1 times until the expiration of the loan agreement. As at June 30, 2023, a subsidiary company was able to maintain the ratio as required by the contractual obligation of the loan agreement.



(2) The lending bank has stipulated that the Company must maintain its shareholding proportion in the subsidiary company of no less than 50 percent of the total number of shares during the whole duration of the loan agreement. Accordingly, the Company has no plan to sell or decrease its shareholding proportion in the subsidiary company to below 50 percent of the total number of shares.

(3) The lending bank has stipulated that the subsidiary company cannot pay dividend to its shareholders, including the Company, if the subsidiary company cannot comply with the conditions as stipulated within the loan agreement, such as the maintenance of D/E ratio, DSCR, and shareholding proportion of the Company in the abovementioned subsidiary company, etc. Accordingly, the subsidiary company has never breached the conditions of loan agreements and has been provided with good financial support from lending banks.

#### **FUTURE TREND**

**Coal Business:** Coal prices in the 3<sup>rd</sup> quarter 2023 has tendency to decline, due to a gradual reduction in coal demand as several countries are transitioning to renewable energy sources for electricity generation instead of coal. Additionally, the global economic slowdown, particularly in China, has led to a decreased coal demand. However, the Company still anticipates a potential increase in coal prices during the 4<sup>th</sup> quarter 2023, driven by the winter season. In this regard, the Company and subsidiary companies have given importance to the Environmental, Social, and Governance ("ESG"), and continuously aim for sustainable development on renewable energy by exploring clean energy investment projects to mitigate environmental impacts and greenhouse gas emissions, ensuring sustainable growth of the Company and subsidiary companies in the long term. Nonetheless, it is expected that coal business will remain profitable and continue to generate satisfactory operating results in 2023.

**Ethanol Business:** The demand for ethanol is expected to increase in the second half of 2023 in line with the economic growth of Thailand, especially in the tourism sector. However, there is a shortage of molasses in the country, which is the main raw material, leading to high prices and insufficient supply to meet domestic needs. Moreover, the price of cassava is subject to significant fluctuations. Therefore, the Company is currently exploring the option of importing molasses and cassava from other countries to boost ethanol production and distribution. In addition, the plan to produce and distribute soil conditioners, the by-product of wastewater evaporation process, continues in the second half of 2023, resulting in increased revenue and profit for the Company and subsidiary companies.

**Overall Business:** The COVID-19 pandemic situation has improved and is no longer a cause of concern, leading to a recovery of the global economy, including Thailand. The overall operating results of the Company and subsidiary companies in year 2023 are expected to continue to be profitable.