

## 1.Executive Summary

For Q2/2023 performance, Sahakol Equipment Public Company Limited (the “Company”) had total service income of 1,668 million baht, an increase of 32.8% and 29.9% from Q1/2023 and the same period last year, respectively, mainly due to the start of recognizing revenue from the Build Lease and Transfer (BLT) project, worth a total of 640 million baht.

Overview of the Mae Moh 8 Project and the Hongsa Project, The income is lower than the target due to the unplanned relocation of the conveyor system and the increase in rainfall at the end of the Q2/2023. The cost of services for all projects decreased in line with the amount of revenue compared to the previous quarter. Regarding the Build Lease and Transfer project, which is a construction of a conveyor belt system before delivering to the employer, in the Q2/2023, the revenue was realized according to the percentage of work completed by 640 million baht with a cost of services of 562 million baht and a gross profit of 78 million baht. The company expects to deliver the work to the employer as scheduled in mid 2024.

In the Q2/2023, gross profit was 182 million baht, a slight decrease from the Q1/2023 with gross profit of 198 million baht, or 3.4% decreased from the same period last year. With a gross profit of 176 million baht, resulting in the Q2/2023, the company has a total net profit of 40 million baht, a decrease of 25.9% from the Q1/2023 and a 45.2% decrease from the Q2/2022.

## 2. Financial Performance

Unit : M THB	Q1/2023	Q2/2023	Q2/2022	% Gain (Loss) QoQ	% Gain (Loss) YoY	6M/2023	6M/2022	% Gain (Loss)
Total revenues	1,256	1,668	1,380	32.8%	29.9%	2,923	2,524	16%
Service revenues	1,225	1,662	1,346	35.7%	32.1%	2,887	2,488	16%
Cost of Services (Include Depreciation <sup>1</sup> )	1,027	1,480	1,159	44.1%	36.8%	2,507	1,987	26%
<sup>1</sup> Depreciation	211	208	245	(1.4%)	(12.6%)	419	472	(11%)
Gross Profit (After Depreciation)	198	182	187	(8.1%)	3.4%	380	501	(24%)
Administrative expenses	115	89	124	(22.6%)	30.9%	205	134	53%
EBITDA	317	314	352	(0.9%)	(17.4%)	648	892	(27%)
Financial cost	61	66	68	8.2%	8.2%	126	121	4%
Net Profit	54	40	42	(25.9%)	(45.2%)	94	282	(67%)
EBITDA margin (%)	25%	19%	25%	(6.4%)	(10.8%)	22%	35%	(37%)
Gross Profit Margin (%)	16%	11%	14%	(5.2%)	(3.0%)	13%	20%	(35%)
Net Profit Margin (%)	4%	2%	3%	(1.9%)	(3.3%)	3%	11%	(71%)

### Key performance

- Service revenue in Q2/2023 was 1,668 million baht (29.9% YoY, 32.1% QoQ).
- EBITDA in Q2/2023 was 314 million baht (-17.4% YoY, -0.9% QoQ).
- Net profit in Q2/2023 was 40 million baht (-45.2% YoY, -25.9% QoQ).

### Quarterly Q2/2023 performance compared to Q1/2023 performance (QoQ)

In Q2/2023, the company had total income of 1,668 million baht, an increase of 412 million baht or 32.8% from Q1/2023, due to the revenue recognition of the Build Lease and Transfer project that started the construction. While the cost of services increased by 44.1% with significant changes in costs and expenses as follows:

- Maintenance costs increased by 286 million baht, mainly from the Build Lease and Transfer project, which started construction.
- Fuel cost decreased by 19 million baht due to lower operation in the Mae Moh 8 project and the Hongsa project and the price of fuel costs that have decreased according to world market prices.
- Explosives cost increased by 22 million baht as the condition of the work site was a hard band in Mae Moh 8 project.
- Sub-contractor cost increased by 168 million baht from hiring sub-contractors to install machinery according to the construction plan of the Build Lease and Transfer project according to the plan.

- Financial costs increased by 5 million baht due to the bank's loan interest rate adjustment and a drawdown of loans from the Build Lease and Transfer project to pay for goods and services.

As a result, in the Q2/2023, the company had a gross profit of 182 million baht, a decrease of 16 million baht or a decrease of 8.1% and a net profit of 40 million baht, a decrease of 14 million baht or a decrease of 25.9%.

#### Quarterly Q2/2023 performance compared to Q2/2022 (YoY)

The company's total revenue increased by 384 million baht or 29.9% from the same period last year from the Build, Lease and Transfer project that was started in 2023 with a 36.8% increase in cost of services due to:

- Maintenance costs increased by 242 million baht, mainly from the Build Lease and Transfer project, which began to operate according to the construction plan.
- Fuel cost decreased by 5 million baht due to the decrease in output from the Mae Moh 8 project and the Hongsa project. The price of oil costs that have decreased according to world market prices.
- Labor costs increased by 29 million baht due to the annual adjustment of the employee's wage rate and the adjustment of the work plan of the Hongsa project to increase work efficiency.
- Sub-contractors increased by 147 million baht from the Build Lease and Transfer project where sub-contractors were hired to install machinery according to the construction plan. However, the Mae Moh 8 project and the Hongsa project have a decrease in the cost of sub-contractors as a result of the change from managing existing machines to be able to work at full efficiency and managing sub-contractor in accordance with the amount of work required.
- Depreciation costs decreased by 30 million baht from some old machines that had been fully depreciated.
- Sale and Administrative expenses increased by 22 million baht due to bank fees in this quarter including consulting fees from the commencement of the Build Lease and Transfer project.

As a result, in the Q2/2023, the company had a gross profit of 182 million baht, an increase of 6 million baht or 3.4% and a net profit of 40 million baht, a decrease of 33 million baht or 45.2% from the Q2/2022.

*Operational results of the six-month period in 6M/2023 compared to 6M/2022*

The company's revenue increased by 399 million baht or 17% from the same period last year from the recognition of revenue from the Build, Lease and Transfer (BLT) project that has started operation in 2023.

The changes include:

- Fuel costs increased by 49 million baht from the North Pit Wall Expansion project and the Build, Lease and Transfer project that has started operation in 2023.
- Maintenance costs increased by 342 million baht from the Build Lease and Transfer project, which started operating according to the construction plan.
- Depreciation cost decreased by 52 million baht because some machines were fully depreciated.
- Sub-contractors increased by 108 million baht from the Build Lease and Transfer project, which hired sub-contractors to install machinery according to the construction plan.

Resulting in the six-month operating results of 2023, the company had a gross profit of 380 million baht, a decrease of 121 million baht or a decrease of 24%. The net profit was 94 million baht, a decrease of 180 million baht or a decrease of 67%.

## 3. Operational Result by Project

Unit : M THB	Q1/2023	Q2/2023	Q2/2022	% Gain (Loss) QoQ	% Gain (Loss) YoY	6M/2023	6M/2022	% Gain (Loss)
<b>Mae Moh 8</b>								
Service Revenue	680	603	877	(11%)	(31%)	1,283	1,792	(28%)
Cost of Services (Include Depreciation <sup>1</sup> )	626	577	722	(8%)	(20%)	1,203	1,337	(10%)
<sup>1</sup> Depreciation	140	138	165	(1%)	(16%)	277	338	(18%)
Gross Profit	54	25	154	(54%)	(84%)	80	455	(82%)
Gross Profit Margin (%)	8%	4%	18%	(4%)	(13%)	6%	25%	(75%)
<b>Hongsa D and Hongsa O&amp;M</b>								
Service Revenue	447	362	360	(19%)	1%	808	671	20%
Cost of Services (Include Depreciation <sup>1</sup> )	319	278	323	(13%)	(14%)	597	607	(2%)
<sup>1</sup> Depreciation	59	57	61	(3%)	(6%)	116	120	(3%)
Gross Profit	128	84	37	(34%)	126%	211	64	>100%
Gross Profit Margin (%)	29%	23%	10%	(5%)	13%	26%	10%	>100%
<b>North Pit Wall Expansion</b>								
Service Revenue	67	58	17	(14%)	246%	124	17	>100%
Cost of Services (Include Depreciation <sup>1</sup> )	69	62	34	(11%)	81%	131	36	>100%
<sup>1</sup> Depreciation	12	12	12	(0%)	(0%)	23	12	92%
Gross Profit	(2)	(4)	(17)	98%	(76%)	(7)	(19)	(63%)
Gross Profit Margin (%)	(3%)	(7%)	(104%)	(4%)	97%	(6%)	(112%)	(95%)
<b>Built Lease and Transfer</b>								
Service Revenue	31	640	0.0	>100%	N/A	671	-	N/A
Cost of Services (Include Depreciation <sup>1</sup> )	11	562	0.0	>100%	N/A	573	-	N/A
<sup>1</sup> Depreciation	0	1	0.0	>100%	N/A	1	-	N/A
Gross Profit	20	78	0.0	>100%	N/A	98	0.0	N/A
Gross Profit Margin (%)	(65%)	12%	0%	77%	N/A	15%	0%	N/A

(1) *Mae Moh 8 project*

The Mae Moh 8 project had revenue of 603 million baht, a decrease of 11% from Q1/2023 due to lower contract unit prices and a relocation of conveyor to align with work plans. While the cost of maintenance was reduced according to the normal plan with no special maintenance item.

In comparison to the performance in the same period of the previous year, Gross profit decreased by 129 million baht or 84% due to lower contract price per unit and lower work volume compared to the same period last year.

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

The Hongsa project had revenue of 362 million baht, a decrease of 85 million baht or 19% from Q1/2023 due to a reduced productivity according to the work plan by the site area. As a result, the gross profit decreased by 44 million baht or a decrease of 34% from the Q1/2023.

In comparison to the performance in the same period of the previous year, the Hongsa project's income increased by 2 million baht or 1% from the increase in output according to the work plan. As a result, the gross profit margin increased from the Q2/2022.

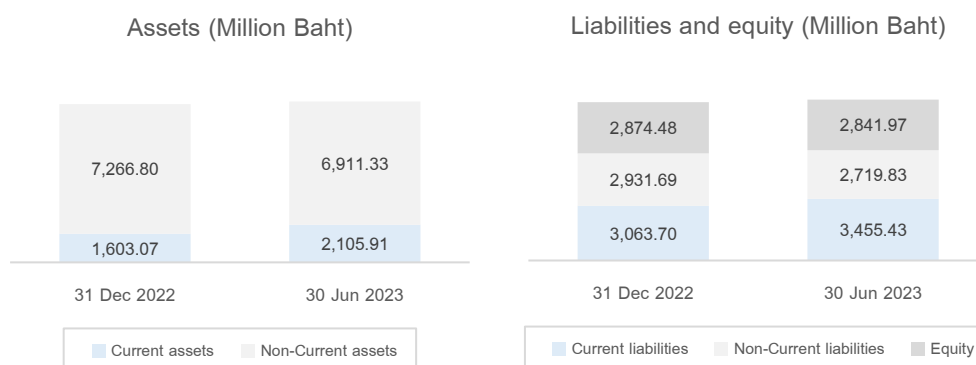
*(3) North Pit Wall Expansion Project*

The North Pit Wall Expansion Project's revenue decreases by 9 million baht or 14% from Q1/2023. However, the project still had a loss of 4 million baht from lower output compared to Q1/2023.

*(4) Build Lease and Transfer Project*

The Build Lease and Transfer project is a construction of a conveyor system to be delivered to the employer. In the Q2/2023, the project had revenue of 640 million baht and a gross profit of 78 million baht. The project revenue was recognized according to percentage of completion.

## 4. Financial Position and Cash Flow

Balance Sheet Position**Assets**

Total assets as of 30 June 2023 totaled 9,017.24 million baht, an increase by 147.36 million baht from that as of 31 December 2022 which totaled 8,869.87 million baht or 1.66% with the following details:

	(Million Baht)			
	30 June 2023	31 Dec 2022	change	change %
Current Assets	2,105.91	1,603.07	502.83	31.37
Non – Current Assets	6,911.33	7,266.80	(355.47)	(4.89)
<b>Total assets</b>	<b>9,017.24</b>	<b>8,869.87</b>	<b>147.36</b>	<b>1.66</b>

**Liabilities**

Total liabilities as of 30 June 2023 were 6,175.26 million baht. Compared to liabilities of 5,995.39 million baht as of 31 December 2022, total liabilities an increase by 179.87 million baht or by 3.00% due to a gradual debt of long-term loans have been made with the following details:

	(Million Baht)			
	30 June 2023	31 Dec 2022	change	change %
Current liabilities	3,455.43	3,063.70	391.73	12.79
Non - Current liabilities	2,719.83	2,931.69	(211.86)	(7.23)
<b>Total liabilities</b>	<b>6,175.26</b>	<b>5,995.39</b>	<b>179.87</b>	<b>3.00</b>

**Management Discussion and Analysis for the Second Quarter ending 30 June 2023**
**Shareholder's equity**

Shareholder's equity as of 30 June 2023 amounted to 2,841.97 million baht, decrease by 32.51 million baht or 1.13% from dividend payment while net profit for this period was slightly increases.

(Million Baht)				
	30 June 2023	31 Dec 2022	change	change %
Total shareholders' equity	2,841.97	2,874.48	(32.51)	(1.13%)

**Statement of Cash Flows**

As of 30 June 2023, cash and cash equivalents stood at 220.42 million baht, decrease by 22.8 million baht 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	255.89
Cash flows from investing activities	(185.01)
Cash flows from financing activities	(93.67)
Net decrease in cash and cash equivalents	(22.80)

Cash flows from operating activities was 255.89 million baht from operating profit

Cash flows from investing activities amounting at (185.01) million baht, mainly due to asset acquisition according to the project investment plan.

Cash flows from financing activities in the amount of (93.67) million baht, mainly from short-term loans repayment, included long-term loans repayment and Dividend paid

**Financial Cost**

Financial cost for Q2/2023 and Q2/2022 were 126.47 million baht and 121.10 million baht respectively, or an increase by 4.44% which was mainly due to an increase of interest rate.

(Million Baht)				
	30 June 2023	30 June 2022	change	change %
Financial cost	126.47	121.10	5.38	4.44%



## 5. Key Financial Ratios

Profitability Ratios		2022	3M/2023	6M/2023
Gross Profit (After Depreciation)	(Percent)	14.89	16.20	13.15
EBITDA	(Percent)	28.96	29.09	22.46
EBIT	(Percent)	10.72	9.27	7.32
Net (Loss) Profit	(Percent)	5.88	4.30	3.21

Efficiency Ratios		2022	*3M/2023	*6M/2023
Return on Assets	(Percent)	3.41	1.73	1.34
Return on Fix Assets	(Percent)	18.45	16.21	15.28
Return on Equity	(Percent)	11.06	5.24	4.16

Leverage Ratios		2022	3M/2023	6M/2023
Debt to Equity ratio	(times)	2.09x	2.00x	2.17x
Interest Bearing Debt to Equity ratio	(times)	1.69x	1.66x	1.72x

Note \*Key financial ratios as of 30 June 2023 was calculated based on last 12 months.