

Ref. No. 1166/49E

November 13, 2023

Subject: Clarification on the Operating Results in the 3rd Quarter 2023 and the First 9-Month Period of 2023

Attn: President
The Stock Exchange of Thailand

The Company wishes to report on the Company's operating results in the 3rd quarter 2023 and the first 9-month period of 2023, having details as follows:

(1) Net profit of the Company and subsidiary companies in the 3rd quarter 2023 totaled Baht 278.29 million, which decreased from the 3rd quarter 2022 by Baht 434.06 million and net earnings per share was Baht 0.53 per share, which decreased from the 3rd quarter 2022 by Baht 0.83 per share or 60.93 percent, due to the following reasons:

(1.1) Net profit from coal business derived from shareholding proportion of the Company in the 3rd quarter 2023 was Baht 273.24 million, which decreased from the 3rd quarter 2022 by Baht 393.61 million or 59.03 percent. This was due to the decrease in coal sales volume and average coal selling price of 3.31 percent and 31.59 percent, respectively.

(1.2) Net loss from ethanol business derived from shareholding proportion of the Company in the 3rd quarter 2023 was Baht 8.08 million, which decreased from the 3rd quarter 2022 by Baht 3.55 million or 30.52 percent. This was due to the increase in average ethanol selling price of 3.50 percent despite the ethanol sales volume decreased by 10.49 percent; and

(1.3) Share of income from associated companies totaled Baht 13.13 million, which decreased from the 3rd quarter 2022 by Baht 44.00 million or 77.02 percent due to the decrease in profit of the associated companies.

(2) Net profit of the Company and subsidiary companies in the first 9-month period of 2023 totaled Baht 1,700.39 million, which decreased from the first 9-month period of 2022 by Baht 825.37 million and net earnings per share was Baht 3.24 per share, which decreased from the first 9-month period of 2022 by Baht 1.57 per share or 32.68 percent, due to the following reasons:

(2.1) Net profit from coal business derived from shareholding proportion of the Company in the first 9-month period of 2023 was Baht 1,574.19 million, which decreased from the first 9-month period of 2022 by Baht 841.81 million or 34.84 percent. This was due to the decrease in the average coal selling price of 17.79 percent from the same period last year.

(2.2) Net profit from ethanol business derived from shareholding proportion of the Company in the first 9-month period of 2023 was Baht 22.08 million, which increased from the first 9-month period of 2022 by Baht 55.29 million or 166.49 percent. This was due the increase in ethanol sales volume and average ethanol selling price of 24.17 percent and 9.47 percent, respectively; and

(2.3) Share of income from associated companies totaled Baht 104.12 million, which decreased from the first 9-month period of 2022 by Baht 38.85 million or 27.17 percent due to the decrease in profit of the 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

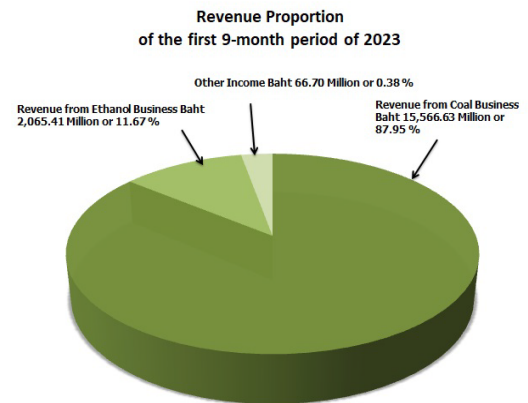
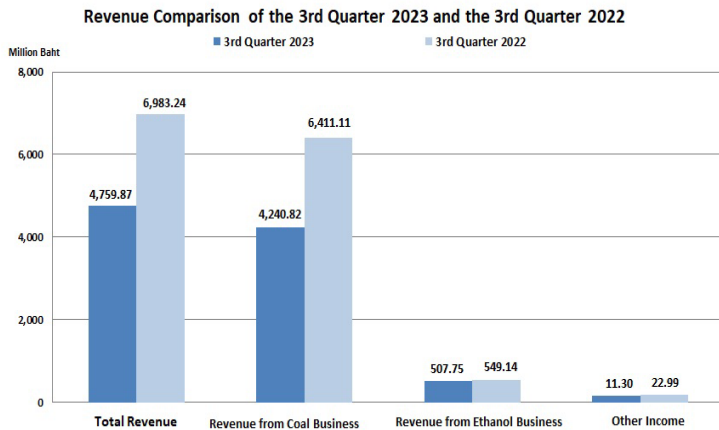
(Mrs. Petcharat Chayanon)
Chief Officer – Accounting and Finance

MANAGEMENT DISCUSSION AND ANALYSIS

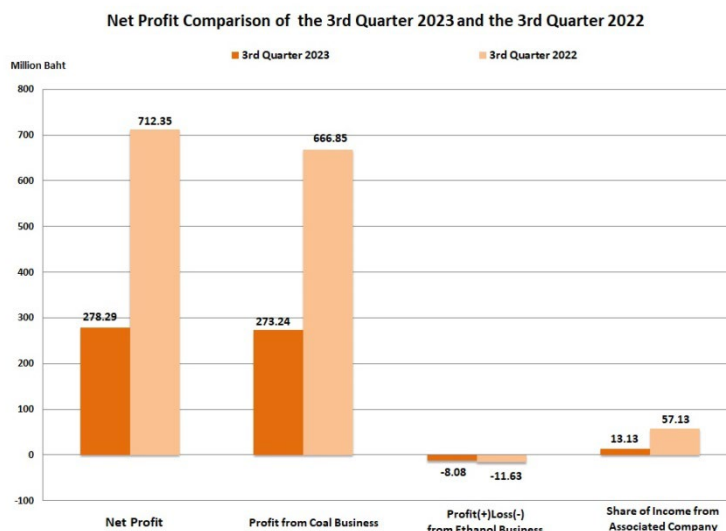
(For the Consolidated Financial Statements of the 3rd quarter 2023 and the first 9-month period of 2023)

OVERALL OPERATING RESULTS

The total revenue of the Company and subsidiary companies in the 3rd quarter 2023 and the first 9-month period of 2023 were Baht 4,759.87 million and Baht 17,698.74 million, which decreased from the same period last year by Baht 2,223.37 million and Baht 1,915.46 million or 31.84 percent and 9.77 percent, respectively. The revenue proportion from coal business, ethanol business and other income in the first 9-month period of 2023 accounted for 87.95 percent, 11.67 percent and 0.38 percent, respectively.



The net profit of the Company and subsidiary companies in the 3rd quarter 2023 and the first 9-month period of 2023 totaled Baht 278.29 million and Baht 1,700.39 million or Baht 0.53 and 3.24 per share, which decreased from the same period last year by Baht 434.06 million and Baht 825.37 million accounted for 60.93 percent and 32.68 percent. The net profit proportion from coal business, ethanol business and other income in the first 9-month period of 2023 accounted for 92.58 percent, 1.30 percent, and 6.12 percent, respectively, with the net profit margin of 15.50 percent, the EBITDA margin of 31.13 percent, and the return on equity of 22.15 percent.



The overall financial position and liquidity of the Company and subsidiary companies as at September 30, 2023 were considered excellent. The current ratio was as high as 2.65 times and the quick ratio was as high as 1.64 times and the total debt to total assets ratio was only 29.73 percent with debt to equity ratio of only 42.32 percent.

Operating Results of the Coal Business or the Core Business: The Company and subsidiary companies had total revenue from coal business in the 3rd quarter 2023 and the first 9-month period of 2023 of Baht 4,240.82 million and Baht 15,566.63 million, which decreased from the same period last year by Baht 2,710.29 million and Baht 2,452.64 million or 33.85 percent and 13.61 percent, respectively. This was due to the decrease in average coal selling price from the same period last year of 31.59 percent and 17.79 percent, and the coal sales volume in the 3rd quarter 2023 decreased from the same period last year by 3.31 percent, but the coal sales volume in the first 9-month period of 2023 increased from the same period last year by 5.08 percent. The net profit derived from shareholding proportion of the Company in the 3rd quarter 2023 and the first 9-month period of 2023 were Baht 273.24 million and Baht 1,574.19 million, which decreased from the same period last year by Baht 393.61 million and Baht 841.81 million or 59.03 percent and 34.84 percent, respectively. 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 due to economic slowdown.

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 3rd quarter 2023 of Baht 507.75 million, which decreased from the same period last year by Baht 41.39 million or 7.54 percent. This was due to the ethanol sales volume in the 3rd quarter 2023 decreased from the same period last year by 10.49, but the average ethanol selling price in the 3rd quarter 2023 increased from the same period last year by 3.50 percent. The net loss derived from shareholding proportion of the Company in the 3rd quarter 2023 was Baht 8.08 million, which decreased from the same period last year by Baht 3.55 million or 30.52 percent. The Company and subsidiary company had total revenue from ethanol business in the first 9-month period of 2023 of Baht 2,065.41 million, which increased from the same period last year by Baht 552.93 million or 36.56 percent. This was due to the ethanol sales volume and average ethanol selling price in the first 9-month period of 2023 increased from the same period last year by 24.17 percent and 9.47 percent, respectively. The net profit derived from shareholding proportion of the Company in the first 9-month period of 2023 was Baht 22.08 million, which increased from the same period last year by Baht 55.29 million or 166.49 percent.

Operating Results Analysis

Revenue (Unit : Million Baht)	3 rd Quarter (Jul.-Sep.)		Increase (Decrease) (%)	First 9-Month Period (Jan. – Sep.)		Increase (Decrease) (%)
	2023	2022 (Revised)		2023	2022 (Revised)	
Revenue from Coal Sales	4,240.82	6,411.11	(33.85)	15,566.63	18,019.27	(13.61)
Revenue from Ethanol Sales	507.75	549.14	(7.54)	2,065.41	1,512.48	36.56
Other Income	11.30	22.99	(50.85)	66.70	82.45	(19.10)
Total Revenue	4,759.87	6,983.24	(31.84)	17,698.74	19,614.20	(9.77)

REVENUE

(1) Revenue of the Company and subsidiary companies in the 3rd quarter 2023 totaled Baht 4,759.87 million, which decreased from the same period last year by Baht 2,223.37 million or 31.84 percent due to the following reasons:

(1.1) Revenue from coal business, which is the core business, was Baht 4,240.82 million, which decreased from the same period last year by Baht 2,170.29 million or 33.85 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 507.75 million, which decreased from the same period last year by Baht 41.39 million or 7.54 percent. This was due to the decrease in ethanol sales volume as described above; and

(1.3) Other income totaled Baht 11.30 million, which decreased from the same period last year by Baht 11.69 million or 50.85 percent. This was due to the decrease 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 9-month period of 2023 totaled Baht 17,698.74 million, which decreased from the same period last year by Baht 1,915.46 million or 9.77 percent due to the following reasons:

(2.1) Revenue from coal business, which is the core business, was Baht 15,566.63 million, which decreased from the same period last year by Baht 2,452.64 million or 13.61 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 2,065.41 million, which increased from the same period last year by Baht 552.93 million or 36.56 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 66.70 million, which decreased from the same period last year by Baht 15.75 million or 19.10 percent. This was due to the decrease in revenue from port and jetty rental fees of the subsidiary company in Indonesia.

Expenses (Unit : Million Baht)	3 rd Quarter (Jul.- Sep.)		Increase (Decrease) (%)	First 9-Month Period (Jan. – Sep.)		Increase (Decrease) (%)
	2023	2022 (Revised)		2023	2022 (Revised)	
Coal Business						
Cost of sales	2,230.13	2,597.15	(14.13)	6,837.96	6,493.73	5.30
Selling and administrative expenses	1,391.88	2,141.77	(35.01)	4,661.90	5,337.97	(12.67)
Corporate income tax	223.19	612.93	(63.59)	1,545.24	2,270.32	(31.94)
Ethanol Business						
Cost of sales	472.70	525.58	(10.06)	1,862.97	1,447.02	28.75
Selling and administrative expenses	41.31	40.80	1.25	128.39	113.22	13.40
Corporate income tax	(4.05)	(4.93)	(17.85)	10.76	(13.94)	(177.19)

COAL BUSINESS EXPENSES

(1) Coal business expenses of the Company and subsidiary companies in the 3rd quarter 2023 totaled Baht 3,845.20 million, which decreased from the same period last year by Baht 1,506.65 million or 28.15 percent, due to the following reasons:

(1.1) Cost of coal sales decreased from the 3rd quarter 2022 by Baht 367.02 million or 14.13 percent, due to the decrease in the coal sales volume and cost of coal sales per metric ton of 3.31 percent and 11.19 percent, respectively.

(1.2) Selling and administrative expenses decreased from the 3rd quarter 2022 by Baht 749.89 million or 35.01 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; and

(1.3) Corporate income tax decreased from the 3rd quarter 2022 by Baht 389.74 million or 63.59 percent due to the decrease in profit.

(2) Coal business expenses of the Company and subsidiary companies in the first 9-month period of 2023 totaled Baht 13,045.10 million, which decreased from the same period last year by Baht 1,056.92 million or 7.49 percent, due to the following reasons:

(2.1) Cost of coal sales increased from the same period last year by Baht 344.23 million or 5.30 percent, due to the increase in coal sales volume by 5.08 percent.

(2.2) Selling and administrative expenses decreased from the same period last year by Baht 676.07 million or 12.67 percent due to the decrease in royalty fee payment to the government in accordance with the decrease in coal selling price; and

(2.3) Corporate income tax decreased from the same period last year by Baht 725.08 million or 31.94 percent due to the decrease in profit.

ETHANOL BUSINESS EXPENSES

(1) Ethanol business expenses of the Company and subsidiary company in the 3rd quarter 2023 totaled Baht 509.96 million, which decreased from the same period last year by Baht 51.49 million or 9.17 percent, due to the following reasons:

(1.1) Cost of ethanol sales decreased from the 3rd quarter 2022 by Baht 52.88 million or 10.06 percent due to the decrease in ethanol sales volume of 10.49 percent.

(1.2) Selling and administrative expenses increased from the 3rd quarter 2022 by Baht 0.51 million or 1.25 percent due to the increase in freight cost in line with the rise in fuel prices; and

(1.3) Corporate income tax increased from the 3rd quarter 2022 by Baht 0.88 million due to the decrease in loss.

(2) Ethanol business expenses of the Company and subsidiary company in the first 9-month period of 2023 totaled Baht 2,002.12 million, which increased from the the same period last year by Baht 455.82 million or 29.48 percent, due to the following reasons:

(2.1) Cost of ethanol sales increased from the first 9-month period of 2022 by Baht 415.95 million or 28.75 percent due to the increase in ethanol sales volume and average cost of ethanol sales per liter of 24.17 percent and 3.65 percent, respectively. This was due to the increase of 7.80 percent in molasses price, which is the main raw material for ethanol production.

(2.2) Selling and administrative expenses increased from the first 9-month period of 2022 by Baht 15.17 million or 13.40 percent. This was due to the increase in freight cost in line with the rise in fuel prices; and

(2.3) Corporate income tax increased from the first 9-month period of 2022 by Baht 24.70 million or 177.19 percent due to the increase in profit.

FINANCIAL INCOME AND FINANCIAL EXPENSE

Description (Unit : Million Baht)	2023			2022 (Revised)			Increase (Decrease) (%)	
	Coal Business	Ethanol Business	Total	Coal Business	Ethanol Business	Total		
3rd Quarter (Jul.- Sep.)								
Financial income	21.18	0.02	21.20	6.76	0.00	6.76	14.44	213.61
Financial expense	3.67	16.46	20.13	2.16	10.96	13.12	7.01	53.43
First 9-Month Period (Jan. – Sep.)								
Financial income	49.67	1.24	50.91	21.09	0.02	21.11	29.80	141.17
Financial expense	11.95	51.93	63.88	10.03	32.07	42.10	21.78	51.73

(1) The Company and subsidiary companies had financial income in the 3rd quarter 2023 and the first 9-month period of 2023 of Baht 21.20 million and Baht 50.91 million, which increased from the same period last year by Baht 14.44 million and Baht 29.80 million accounted for 213.61 percent and 141.17 percent, respectively. This was due to the increase in interest received from coal business; and

(2) The Company and subsidiary companies had financial expense in the 3rd quarter 2023 and the first 9-month period of 2023 of Baht 20.13 million and Baht 63.88 million, which increased from the same period last year by Baht 7.01 million and Baht 21.78 million accounted for 53.43 percent and 51.73 percent, respectively. This was due to an increase in short-term loan and interest rates, leading to higher interest expense from ethanol business.

Gross Profit (Unit : Million Baht)	Coal Business		Ethanol Business		Total	
	Million Baht	%	Million Baht	%	Million Baht	%
3rd Quarter 2023						
Revenues from sales	4,240.82	100.00	507.75	100.00	4,748.57	100.00
Less Cost of sales	2,230.13	52.59	472.70	93.10	2,702.83	56.92
Gross Profit	2,010.69	47.41	35.05	6.90	2,045.74	43.08
3rd Quarter 2022 (Revised)						
Revenues from sales	6,411.11	100.00	549.14	100.00	6,960.25	100.00
Less Cost of sales	2,597.15	40.51	525.58	95.71	3,122.73	44.87
Gross Profit	3,813.96	59.49	23.56	4.29	3,837.52	55.13
First 9-Month Period of 2023						
Revenues from sales	15,566.63	100.00	2,065.41	100.00	17,632.04	100.00
Less Cost of sales	6,837.96	43.93	1,862.97	90.20	8,700.93	49.35
Gross Profit	8,728.67	56.07	202.44	9.80	8,931.11	50.65
First 9-Month Period of 2022 (Revised)						
Revenues from sales	18,019.27	100.00	1,512.48	100.00	19,531.75	100.00
Less Cost of sales	6,493.73	36.04	1,447.02	95.67	7,940.75	40.66
Gross Profit	11,525.54	63.96	65.46	4.33	11,591.00	59.34

GROSS PROFIT

(1) Gross profit of the Company and subsidiary companies in the 3rd quarter 2023 totaled Baht 2,045.74 million or 43.08 percent of the sales revenue, which decreased from the 3rd quarter 2022 with the gross profit of Baht 3,837.52 million or 55.13 percent of the sales revenue, due to the following reasons:

(1.1) Gross profit from coal business in the 3rd quarter 2023 totaled Baht 2,010.69 million or 47.41 percent of the sales revenue, which decreased from the 3rd quarter 2022 with gross profit of Baht 3,813.96 million or 59.49 percent of the sales revenue. This was due to the decrease in the average coal selling price of 31.59 percent and the average cost of coal sales decreased by 11.19 percent; and

(1.2) Gross profit from ethanol business in the 3rd quarter 2023 totaled Baht 35.05 million or 6.90 percent of the sales revenue, which increased from the 3rd quarter 2022 with gross profit of Baht 23.56 million or 4.29 percent of the sales revenue. This was due to the increase in the average ethanol selling price of 3.50 percent.

(2) Gross profit of the Company and subsidiary companies in the first 9-month period of 2023 totaled Baht 8,931.11 million or 50.65 percent of the sales revenue, which decreased from the first 9-month period of 2022 with the gross profit of Baht 11,591.00 million or 59.34 percent of the sales revenue, due to the following reasons:

(2.1) Gross profit from coal business in the first 9-month period of 2023 totaled Baht 8,728.67 million or 56.07 percent of the sales revenue, which decreased from the first 9-month period of 2022 with gross profit of Baht 11,525.54 million or 63.96 percent of the sales revenue. This was due to the decrease in the average coal selling price of over 17.79 percent; and

(2.2) Gross profit from ethanol business in the first 9-month period of 2023 totaled Baht 202.44 million or 9.80 percent of the sales revenue, which increased from the first 9-month period of 2022 with gross profit of Baht 65.46 million or 4.33 percent of the sales revenue. This was due to the increase in the average ethanol selling price of 9.47 percent.

Net Profit (Unit: Million Baht)	3 rd Quarter (Jul. – Sep.)		Increase (Decrease) (%)	First 9-Month Period (Jan. – Sep.)		Increase (Decrease) (%)
	2023	2022 (Revised)		2023	2022 (Revised)	
Profit from Coal Business	273.24	666.85	(59.03)	1,574.21	2,416.00	(34.84)
Profit (Loss) from Ethanol Business	(8.08)	(11.63)	30.52	22.08	(33.21)	166.49
Share of income from associated companies	13.13	57.13	(77.02)	104.12	142.97	(27.17)
Net Profit	278.29	712.35	(60.93)	1,700.39	2,525.76	(32.68)
Net Earnings per Share (Baht per Share)	0.53	1.36	(60.93)	3.24	4.81	(32.68)
Remark: Registered par value of Baht 1 per share						

NET PROFIT

(1) The net profit of the Company and subsidiary companies in the 3rd quarter 2023 totaled Baht 278.29 million, which decreased from the 3rd quarter 2022 by Baht 434.06 million and net earnings per share was Baht 0.53 per share, which decreased from the 3rd quarter 2022 by Baht 0.83 per share or 60.93 percent, due to the following reasons:

(1.1) Net profit from coal business derived from shareholding proportion of the Company in the 3rd quarter 2023 was Baht 273.24 million, which decreased from the 3rd quarter 2022 by Baht 393.61 million or 59.03 percent. This was due to the decrease in coal sales volume and average coal selling price as described above.

(1.2) Net loss from ethanol business derived from shareholding proportion of the Company in the 3rd quarter 2023 was Baht 8.08 million, which decreased from the 3rd quarter 2022 by Baht 3.55 million or 30.52 percent. This was due to the increase in average ethanol selling price despite the ethanol sales volume decreased as described above; and

(1.3) Share of income from associated companies totaled Baht 13.13 million, which decreased from the 3rd quarter 2022 by Baht 44.00 million or 77.02 percent due to the decrease in profit of the associated companies.

(2) The net profit of the Company and subsidiary companies in the first 9-month period of 2023 totaled Baht 1,700.39 million, which decreased from the first 9-month period of 2022 by Baht 825.37 million and net

earnings per share was Baht 3.24 per share, which decreased from the first 9-month period of 2022 by Baht 1.57 per share or 32.68 percent, due to the following reasons:

(2.1) Net profit from coal business derived from shareholding proportion of the Company in the first 9-month period of 2023 was Baht 1,574.19 million, which decreased from the first 9-month period of 2022 by Baht 841.81 million or 34.84 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 9-month period of 2023 was Baht 22.08 million, which increased from the first 9-month period of 2022 by Baht 55.29 million or 166.49 percent. This was due to an increase in ethanol sales volume and average ethanol selling price as described above; and

(2.3) Share of income from associated companies totaled Baht 104.12 million, which decreased from the first 9-month period of 2022 by Baht 38.85 million or 27.17 percent due to the decrease 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 9-month period of 2023 was Baht 5,510.23 million, which decreased from the first 9-month period of 2022 by Baht 1,704.51 million or 23.63 percent and EBITDA margin was at 31.13 percent, which decreased from the first 9-month period of 2022 by 15.36 percent.

(2) Net profit margin of the Company and subsidiary companies in the first 9-month period of 2023 was at 15.50 percent, which decreased from the first 9-month period of 2022 by 25.65 percent.

(3) Return on equity of the Company and subsidiary companies in the first 9-month period of 2023 was at 22.15 percent, which decreased from the first 9-month period of 2022 by 43.02 percent.

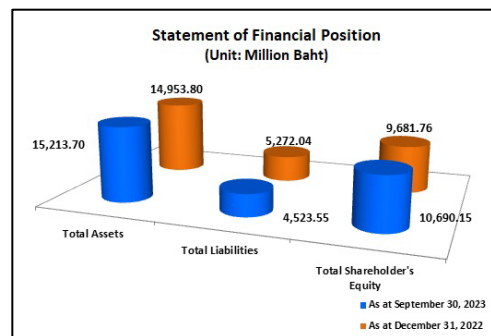
(4) Return on total assets and the return on fixed assets of the Company and subsidiary companies in the first 9-month period of 2023 were at 18.18 percent and 93.91 percent, which decreased from the first 9-month period of 2022 by 39.06 percent and 19.24 percent, respectively.

STATEMENTS OF FINANCIAL POSITION

Description	Unit	As at September 30, 2023	As at December 31, 2022 (Revised)	Increase (Decrease)	%
Total Assets	Million Baht	15,213.70	14,953.80	259.90	1.74
Total Liabilities	Million Baht	4,523.55	5,272.04	(748.49)	(14.20)
Total Shareholders' Equity	Million Baht	10,690.15	9,681.76	1,008.39	10.42
Book Value	Baht per Share	15.09	14.15	0.94	6.64

Remark: Registered par value of Baht 1 per share

ASSETS: The total assets of the Company and subsidiary companies as at September 30, 2023 was Baht 15,213.70 million, which increased from the end of year 2022 by Baht 259.90 million or 1.74 percent, due to (1) current assets increased by Baht 239.54 million or 2.76 percent, consisting of: (A) cash and cash equivalent decreased by Baht 62.68 million or 1.40 percent; (B) trade accounts receivable and other accounts receivable increased by Baht 24.20 million or 1.29 percent; (C) inventories increased by Baht 501.91 million or 86.06 percent; and (D) other current assets most of which were prepaid corporate income tax, advance payment for goods, etc., decreased by Baht 223.89 million or 12.94 percent; and (2) non-current assets increased by Baht 20.36 million or 0.32 percent.



LIABILITIES: The total liabilities of the Company and subsidiary companies as at September 30, 2023 was Baht 4,523.55 million, which decreased from the end of year 2022 by Baht 748.49 million or 14.20 percent, due to (1) trade accounts payable and other accounts payable increased by Baht 131.37 million or 17.66 percent (2) accrued expenses, most of which were overburden removal expenses and freight cost, etc., decreased by Baht 522.38 million or 31.38 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 104.12 million or 12.19 percent; and (4) short-term loan and long-term loan of the subsidiary companies decreased by Baht 461.60 million or 22.97 percent.

TOTAL SHAREHOLDERS' EQUITY: The total shareholders' equity of the Company and subsidiary companies as at September 30, 2023 was Baht 10,690.15 million, which increased from the end of year 2022 by Baht 1,008.39 million or 10.42 percent, resulting in an increase of the share's book value from Baht 14.16 per share to Baht 15.09 per share, an increase of Baht 0.93 per share or 6.57 percent. This was due to (1) an increase in retained earnings of Baht 309.11 million or 5.12 percent due to an increase in net profit of Baht 1,700.39 million and a decrease in revised comprehensive income items of Baht 0.03 million, with a dividend payment of Baht 1,391.25 million (2) an increase in translation adjustment in financial of Baht 181.55 million or 96.17 percent; and (3) an increase in minority shareholders' equity of Baht 517.73 million or 23.00 percent.

CASH FLOWS

Description	Unit: Million Baht	
	3 rd Quarter 2023	3 rd Quarter 2022 (Revised)
Cash Flows from (used in) Operating Activities	3,131.33	4,102.88
Cash Flows from (used in) Investing Activities	(1,298.35)	(749.61)
Cash Flows from (used in) Financing Activities	(2,412.22)	(2,229.91)
Increase (Decrease) in Translation Adjustments in Financial Statements	166.69	354.60
Net Increase (Decrease) in Cash	(412.55)	1,477.96
Cash at the beginning of the period	3,028.67	2,163.72
Cash at the end of the period	2,616.12	3,641.68

(1) The net cash from operating activities of the Company and subsidiary companies in the first 9-month period of 2023 totaled Baht 3,131.33 million, consisting of (A) income before corporate income tax and interest expense of Baht 4,298.67 million (B) transactions that did not affect the cash such as depreciation and amortization of assets, most of which were transactions concerning coal mining operations of the subsidiary companies in Indonesia of Baht 1,125.28 million (C) an increase in operating assets of Baht 117.12 million (D) an increase in operating liabilities of Baht 317.90 million (E) interest received of Baht 44.80 million; and (F) interest expenses and net income tax of Baht 2,538.20 million.

(2) The net cash used in investing activities of the Company and subsidiary companies in the first 9-month period of 2023 totaled Baht 1,298.35 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 of the subsidiary company in Indonesia, of Baht 284.86 million (B) an increase in expenses of coal mine projects of the subsidiary companies in Indonesia of Baht 778.81 million (C) short-term capital investment and other items increased by Baht 293.60 million (D) loans to related parties decreased by Baht 48.28 million; and (E) a dividend received from associated company of Baht 10.64 million.

(3) The net cash used in financing activities of the Company and subsidiary companies in the first 9-month period of 2023 totaled Baht 2,412.22 million, consisting of (A) a decrease in loan of Baht 496.43 million (B) dividend payment of Baht 2,030.54 million; and (C) an increase in minority shareholders' equity of Baht 114.75 million.

ASSET MANAGEMENT CAPABILITY

(1) The trade accounts receivable and other accounts receivable of the Company and subsidiary companies as at September 30, 2023 were 12.51 percent of total assets.

(2) Inventory of the Company and subsidiary companies as at September 30, 2023 was 7.13 percent of total assets.

(3) The Company's goodwill incurred from investment in the subsidiary company as at September 30, 2023 accounted for 1.22 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 September 30, 2023 were as high as 2.65 times and 1.64 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 September 30, 2023 was as low as 0.42:1 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 9-month period of 2023 was 34 days, which increased from the same period last year by 1 day. The average debt collection period was at 28 days, which decreased from the same period last year by 2 days. The average inventory turnover was at 26 days, which increased from the same period last year by 3 days, but the average debt repayment period was at 20 days, which is the same as the same period of previous year.

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. It appears that as at September 30, 2023, the subsidiary company is unable to maintain the DSCR as required by the contractual obligation of the loan. Nevertheless, the lending bank has issued a waiver letter regarding such conditions on September 28, 2023.

(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 (Debt to Equity Ratio), DSCR (Debt Service Coverage Ratio), 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 4th quarter 2023 have a tendency to rise driven by the winter season. Nevertheless, 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 slowdown in coal demand. 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. 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 4th quarter 2023 in line with the economic growth of Thailand, especially in the tourism business 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 considering 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 is improving, which should result in a recovery of global economy including Thailand. Therefore, the overall operating results of the Company and subsidiary companies in year 2023 are expected to continue to be profitable with satisfactory performance.