

1.Executive Summary

Sahakol's current operation includes conveying soil and coal under four main projects (1) the Mae Moh 8 project; (2) Hongsa Mine Project D and Hongsa O&M; (3) the North Pit Wall Expansion; and (4) the Built Lease and Transfer project (at the preparatory stage). In Q2/2022, the Company registered gross revenues of 1,284 million baht, which is an increase by 44 million baht or by 4% from Q1/2022. The increase is due to high productivity under the Hongsa mine project. Productivity has normalized compared to the previous quarter, during which a proportion of staff were not able to enter the work site due to COVID-19 related restrictions. The Company recorded gross profits of 176 million baht, which is a decrease by 149 million baht or by 46% from Q1/2022 during which gross profits totaled 325 million baht. During this quarter, cost increments were recorded for maintenance work according to machinery operating hours both under Mae Moh 8 project as well as Hongsa mine project D. As such, the Company registered net profit of 73 million baht in Q2/2022, a decrease from the previous quarter by 136 million baht or by 65%.

In comparison to the same period in the previous year, gross revenues for the Company increased by 166 million baht, which is an increase by 15%. Net profits also increased by 25 million baht or by 52% due to administrative cost control and lower financial costs.

Debt obligations of the Company also continuously declined as long-term loan obligations were gradually repaid each month. Debt to equity ratio thus decreased from 2.33 times in Q1/2022 to 2.22 times in Q2/2022.

2. Financial Performance

Unit : M THB	Q1/2022	Q2/2022	Q1/2021	% Gain (Loss) QoQ	% Gain (Loss) YoY	6M/2021	6M/2022	% Gain (Loss)
Total revenues	1,240	1,284	1,118	4%	15%	2,347	2,524	8%
Service revenues	1,230	1,258	1,102	2%	14%	2,309	2,488	8%
Cost of Services (Include Depreciation ¹)	905	1,082	902	20%	20%	1,745	1,987	14%
¹ Depreciation	234	238	240	2%	(1%)	490	472	(4%)
Gross Profit (After Depreciation)	325	176	200	(46%)	(12%)	564	501	(11%)
Administrative expenses	67	68	84	1%	(19%)	192	134	(30%)
EBITDA	511	381	380	(25%)	0%	916	893	(3%)
Financial cost	61	61	63	0%	(3%)	133	121	(9%)
Net Profit*	209	73	48	(65%)	52%	287	282	(2%)
EBITDA margin (%)	41%	30%	34%	(11%)	(4%)	39%	35%	(4%)
Gross Profit Margin (%)	26%	14%	18%	(12%)	(4%)	24%	20%	(4%)
Net Profit Margin (%)	17%	6%	4%	(11%)	2%	12%	11%	(1%)

*Net Profit (Equity holder of the Company)

Operational results for the three-month period in Q2/2022 compared to Q1/2022 (QoQ)

In Q2/2022, the Company registered total revenues of 1,284 million baht, an increase of 44 million baht or by 4% compared to Q1/2022. The increase is due to higher productivity under the Hongsa mine project of which production returned to normal compared to the previous quarter during which a proportion of staff were not allowed to enter the worksite due to COVID-19 related restrictions. Key changes in costs and expenses are as follows:

- Fuel costs increased by 41 million baht owing to higher productivity under the Hongsa mine project, commencement of the North Pit Wall Expansion project since May 2022, as well as higher fuel costs in line with global increases in fuel prices.
- Maintenance costs increased by 144 million baht with the majority of the increment recorded under the Mae Moh 8 project for regular maintenance of the 100-ton trucks, as well as excavators and improvements under certain parts of the conveyor system
- Explosives costs increased by 6 million baht in line with the mining workplan and the site area of the Mae Moh 8 project as well as increases in related raw materials used for explosive production.
- Sub-contractor costs decreased by 18 million baht under both the Mae Moh 8 project and Hongsa mine project in line with scheduled workplan.

As a result, the Company registered gross profit of 176 million baht in Q2/2022, which is a decrease by 139 million or by 46% compared to Q1/2022. The gross profit margin decreased from 26% to 14%, while net profits also declined by 136 million baht or by 65%. The net profit margin decreased from 17% to 6%.

Operational results for the three-month period in Q2/2022 compared to Q2/2021 (YoY)

The Company's total revenue increased by 166 million baht or by 15% in Q2/2022 compared to the same period in the previous year. This is attributed to the increase in the price per unit as specified under the Mae Moh 8 contract and from the adjusted income compensation from higher fuel price. Cost of service increased by 180 million baht or an increase of 20%. Key changes in cost components are as follows:

- Fuel costs increased by 66 million baht in line with global increases in fuel prices as well as increased utilization of fuel as work on the North Pit Wall Expansion project has commenced
- Maintenance costs increased by 96 million baht due to maintenance of key machineries under the Mae Moh 8 project and replacement of tyres for the 100 ton trucks under the Hongsa mine project
- Sub-contractor costs declined by 11 million baht and cost of machinery rentals also declined by 3 million baht owing to efficient management of existing machineries and the functioning of the conveyor system at full capacity
- Administrative expenses decreased by 16 million baht due to corporate restructuring which began since the end of 2021.

As a result, the Company registered gross profit of 176 million baht in Q2/2022, which is a decrease of 24 million baht or by 12% compared to the same period in the previous year. Gross profit margin, however, increased by 25 million baht or by 52% compared to Q2/2021. Net profit margin increased from 4% to 6% compared to the same quarter in the previous year.

Operational results of the six-month period in 6M/2022 compared to 6M/2021

In the first half of 2022, the Company registered an increase in total revenues by 177 million baht, representing an increase of 8% compared to the first half of the previous year. The increase is attributed to a higher adjustment in price per unit as specified under the Mae Moh 8 project contract, as well as due to adjusted income compensation from higher fuel price. Key changes in cost components are as follows:

- Fuel costs increased by 106 million baht in line with global increases in fuel prices
- Maintenance costs increased by 136 million baht due to maintenance of key machineries under the Mae Moh 8 project and replacement of tires for the 100-ton trucks under the Hongsa mine project

- Depreciation costs decreased by 18 million baht as some machines have fully depreciated
- Sub-contractor costs declined by 17 million baht and cost of machinery rentals also declined by 8 million baht owing to efficient management of existing machineries and the functioning of the conveyor system at full capacity

As a result, the Company recorded gross profit of 501 million baht in the first half of 2022, which is a decreased by 63 million baht or by 12% compared to the first six months of 2021. Gross profit margin decreased from 24% in the first half of 2021 to 20% in the first half of 2022. Net profit slightly decreased from 287 to 282 compared to the same quarter in the previous year, while net profit margin declined to 11% from the previous 12%..

3.Operation Result by Project

Unit : M THB	Q1/2022	Q2/2022	Q1/2021	% Gain (Loss) QoQ	% Gain (Loss) YoY	6M/2021	6M/2022	% Gain (Loss)
Mae Moh 8								
Service Revenue	916	877	773	(4%)	13%	1,623	1,792	10%
Cost of Services (Include Depreciation ¹)	614	722	671	18%	8%	1,273	1,337	5%
¹ Depreciation	173	165	183	(5%)	(10%)	374	338	(10%)
Gross Profit	302	155	102	(49%)	52%	350	455	30%
Gross Profit Margin (%)	33%	18%	13%	(15%)	4%	22%	25%	4%
Hongsa D and Hongsa O&M								
Service Revenue	311	360	330	16%	9%	686	671	(2%)
Cost of Services (Include Depreciation ¹)	284	323	244	14%	32%	502	607	21%
¹ Depreciation	59	61	57	3%	7%	113	120	5%
Gross Profit	27	37	86	37%	(57%)	184	64	(65%)
Gross Profit Margin (%)	9%	10%	26%	2%	(16%)	27%	10%	(17%)
North Pit Wall Expansion								
Service Revenue	0	17		N/A			17	N/A
Cost of Services (Include Depreciation ¹)	3	34		>100%			37	N/A
¹ Depreciation	1	12		>100%			13	N/A
Gross Profit	(3)	(17)		N/A			(20)	N/A
Gross Profit Margin (%)	N/A	(100%)		N/A			(118%)	N/A

(1) Mae Moh 8 Project

Revenues under the Mae Moh 8 project declined by 39 million baht from Q1/2022 while gross profit declined by 147 million baht or by 49%. The decline is due to higher maintenance costs per hour, where the majority of costs are associated with the large 100-ton trucks, excavators and the conveyor system. This resulted in a decline in gross profit margin to 18% from previously at 33% in Q1/2022.

In considering the operating results compared to the same period of the previous year, gross profit increased by 53 million baht or by 52% as the price per unit increased in accordance with the contract. Gross profit margin increased from 13% in Q1/2021 to 18% in Q2/2022.

(2) Hongsa Mine D and Hongsa O&M Project

The Hongsa Mine project registered a revenue increase of 49 million baht or an increase of 16% compared to Q1/2022. The increase is due to increased production as quarantined staff more relaxed COVID-19 restrictions allowed workers to return to the worksite at close to normal operations. Maintenance costs increased by 18 million baht from replacement of worn tires for the 100-ton trucks. As a result, gross profit

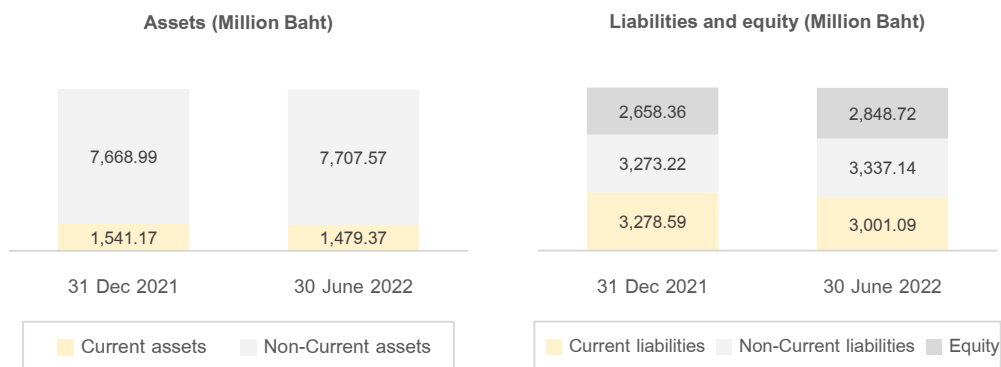
increased by only 10 million baht or by 37% while gross profit margin increased by 10% from the previous 9% in Q1/2022.

In considering the operation result, the Hongsa mine project registered a decline in gross profit by 49 million baht or by 57% from higher maintenance costs in line usage cycle and increase in fuel costs despite certain parts have already been compensated under the price per unit..

(3) North Pit Wall Expansion Project

The North Pit Wall Expansion project registered revenues of 17 million baht in the current quarter but the project is yet to be fully operational. The project commenced in May 2022, and incurred expenditures which currently exceeds revenues, particularly depreciation costs which is recognized in this quarter in full amount. This resulted in gross profit registering a loss of 17 million baht and is expected to improve in the coming quarters as production increases accordingly. The project is expected to be operating at full capacity within this year.

4. Financial Position and Cash Flow



Balance Sheet Position

Assets

Total assets as of 30 June 2022 totaled 9,186.95 million baht, a decrease by 23.22 million baht from that as of 31 December 2021 which totaled 9,210.17 million baht or 0.25% with the following details:

	(Million Baht)			
	30 June 2022	31 Dec 2021	change	change %
Current Assets	1,479.37	1,541.17	(61.80)	(4.01%)
Non – Current Assets	7,707.57	7,668.99	38.58	0.50%
Total assets	9,186.95	9,210.17	(23.22)	(0.25%)

Liabilities

Total liabilities as of 30 June 2022 were 6,338.23 million baht. Compared to liabilities of 6,551.81 million baht as of 31 December 2021, total liabilities decreased by 213.58 million baht or by 3.26% due to a gradual debt repayment of long-term loans have been made with the following details:

	(Million Baht)			
	30 June 2022	31 Dec 2021	change	change %
Current liabilities	3,001.09	3,278.59	(277.51)	(8.46%)
Non - Current liabilities	3,337.14	3,273.22	63.92	1.95%
Total liabilities	6,338.23	6,551.81	(213.58)	(3.26%)

Shareholder's equity

Shareholder's equity as of 30 June 2022 amounted to 2,848.72 million baht, an increase by 190.36 million baht or 7.16% from Net profit for this period with details as follows:

		(Million Baht)			
		30 June 2022	31 Dec 2021	change	change %
Total shareholders' equity		2,848.72	2,658.36	190.36	7.16%

Statement of Cash Flows

As of 30 June 2022, cash and cash equivalents stood at 194.55 million baht, an increase by 32.92 million baht or 20.37% from those in 2021 which had cash and cash equivalents amounted to 161.63 million baht as summarized below:

		(Million Baht)
Cash flows from operating activities		913.50
Cash flows from investing activities		(362.26)
Cash flows from financing activities		(518.32)
Currency translation difference		-
Net decrease in cash and cash equivalents		32.92

Cash flows from operating activities was 913.50 million baht from operating profit

Cash flows from investing activities amounting at (362.26) million baht, mainly due to asset acquisition according to the project investment plan, especially North Pit Wall Expansion project.

Cash flows from financing activities in the amount of (518.32) million baht, mainly arising from from short-term loans repayment, included long-term loans repayment, Dividend paid and Debenture repayment.

Financial Costs

Financial cost for Q2/2022 and Q2/2021 were 60.52 million baht and 63.47 million baht respectively, a 4.56% decrease. The main contributing factors mainly because of repayment of long-term loans.

		(Million Baht)			
		30 June 2022	31 Dec 2021	change	change %
Finance costs		60.52	63.47	(2.95)	(4.65%)

5. Key Financial Ratios

Profitability Ratios		2021	3M/2022	6M/2022
Gross Profit (After Depreciation)	(Percent)	20.03	26.47	20.14
EBITDA	(Percent)	34.04	41.54	35.89
EBIT	(Percent)	12.61	21.80	16.18
Net (Loss) Profit	(Percent)	7.30	16.85	11.18

Efficiency Ratios		2021	3M/2022	*6M/2022
Return on Assets	(Percent)	3.65	3.42	3.69
Return on Fix Assets	(Percent)	18.88	18.93	19.03
Return on Equity	(Percent)	13.83	11.61	12.09

Leverage Ratios		2021	3M/2022	6M/2022
Debt to Equity ratio	(times)	2.46x	2.33x	2.22x
Interest Bearing Debt to Equity ratio	(times)	2.18x	1.97x	1.89x

Note *Key financial ratios as of 30 June 2022 was calculated based on last 12 months.