

1.Executive Summary

For Q3/2023 performance, Sahakol Equipment Public Company Limited (the "Company") had total service income of 1,460 million baht, a decrease of 12.5% from Q2/2023, from a decrease of the recognition of revenue from the Build Lease and Transfer (BLT) project, but when compared to the same period of the previous year, total revenue from services increased by 22.9%

Overview, the Mae Moh 8 project generated lower income than the target set according to the plan. Because the number of days for the production has been adjusted to be in line with the Mae Moh 8 project contract and there is an increase in rainfall starting from the end of the Q2/2023. In terms of costs of service, all projects have decreased consistent with the amount of income compared to the previous quarter. The Build Lease and Transfer project is a conveyor system construction project to be delivered to the employer in the Q2/2024 with recognize of income as a percentage of completion method. Revenue recognized in Q3/2023 was 471 million baht from service costs of 291 million baht and gross profit was 180 million baht. The company expects to deliver work as scheduled in the contract in Q2/2024.

In the Q3/2023, gross profit was 259 million baht, increased from the Q2/2023 with gross profit of 181 million baht or an increased by 42.8% and an increase of 354.6% from the same period last year which has a gross profit of 57 million baht. However, in the Q3/2023, the company has a total net loss of 13 million baht, a decrease by 132.5% from the Q2/2023, but improve from loss in the same period of last year by 73.2%.

2. Financial Performance

Unit : M THB	Q2/2023	Q3/2023	Q3/2022	% Gain (Loss) QoQ	% Gain (Loss) YoY	9M/2023	9M/2022	% Gain (Loss)
Total revenues	1,668	1,460	1,188	(12.5%)	22.9%	4,384	3,712	18%
Service revenues	1,662	1,447	1,165	(12.9%)	24.2%	4,334	3,653	19%
Cost of Services (Include Depreciation) ¹	1,481	1,188	1,108	(19.7%)	7.3%	3,696	3,095	19%
¹ Depreciation	208	200	229	(4.1%)	(12.7%)	619	700	(12%)
Gross Profit (After Depreciation)	181	259	57	42.8%	354.6%	638	558	14%
Administrative expenses	89	202	73	126.3%	176.5%	407	207	96%
EBITDA	313	278	243	(11.3%)	14.2%	927	1,134	(18%)
Financial Cost	66	67	57	2.1%	17.7%	193	178	9%
Net Profit	40	(13)	(49)	(132.5%)	73.2%	81	234	(65%)
EBITDA margin (%)	19%	19%	20%	1.3%	(7.1%)	21%	31%	(9%)
Gross Profit Margin (%)	11%	18%	5%	7.0%	13.0%	15%	15%	(1%)
Net Profit Margin (%)	2%	(1%)	(4%)	(3.3%)	3.2%	2%	6%	(4%)

Key performance

- Service revenue in Q3/2023 was 1,447 million baht (24.2% YoY, -12.9% QoQ).
- EBITDA in Q3/2023 was 278 million baht (14.2% YoY, -11.3% QoQ).
- Net loss in Q3/2023 was 13 million baht (73.2% YoY, -132.5% QoQ).

Quarterly Q3/2023 performance compared to Q2/2023 performance (QoQ)

In Q3/2023, the company had total income of 1,460 million baht, a decrease of 208 million baht or a decrease of 12.5% from Q2/2023, because of a decrease of number of production days to be in line with the contract for the Mae Moh 8 mining project, together with an unusually high rainfall. While the cost of services decreased by 19.7% with significant changes in costs and expenses as follows:

- Maintenance costs decreased by 245 million baht, mainly from the Build Lease and Transfer (BLT) project, which corresponds to the decrease of income.
- Fuel cost increased by 10 million baht from increased production from the Hongsa project and accelerating the work of the Build Lease and Transfer (BLT) project.
- Cost of explosives decreased by 7 million baht according to the work plan for the worksite area. In addition, the raw material cost of explosives has decreased.
- Sub-contractor cost decreased by 78 million baht due to the management of the existing machinery due to the lower production of the Mae Moh 8 project and Build Lease and Transfer (BLT) project had a decrease in the hiring of sub-contractors.
- Sale and Administrative expenses increased from the beginning of Build Lease and Transfer (BLT) project.

As a result, in the Q3/2023, the company had a gross profit of 259 million baht, an increase of 78 million baht or an increase of 42.8% and a net loss of 13 million baht, a decrease of 53 million baht or a decrease of 132.5%.

Quarterly Q3/2023 performance compared to Q3/2022 (YoY)

The company's total revenue increased by 272 million baht or 22.9% from the same period last year from the Build, Lease and Transfer (BLT) project that was started in 2023 with a 7.3% increase in cost of services due to:

- Maintenance costs increased by 16 million baht, mainly from the Build Lease and Transfer (BLT) project, which began to operate according to the construction plan. While the cost of maintenance in the Mae Moh 8 project was reduced.
- Fuel cost decreased by 44 million baht from the price of fuel costs that have decreased according to world market prices.
- Labor costs increased by 24 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 78 million baht from the Build Lease and Transfer (BLT) project where sub- contractors were hired to install machinery according to the construction plan. However, the Mae Moh 8 project and the Hongsa project had 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 129 million baht due to bank fees and consulting fees from the commencement of the Build Lease and Transfer project.

As a result, in the Q3/2023, the company had a gross profit of 259 million baht, an increase of 202 million baht or 354.6 percent and a net loss of 13 million baht, a loss reduced by 36 million baht or a decrease of 73.2 percent from the Q3/2022.

Operational results of the nine-month period in 9M/2023 compared to 9M/2022

The company's revenue increased by 672 million baht or 18% 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. However, The Mae Moh 8 project had a lower production and contract unit prices. The changes include:

- Fuel costs increased by 5 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 357 million baht from the Build Lease and Transfer (BLT) project, which started operating according to the construction plan.
- Depreciation cost decreased by 81 million baht because some machines were fully depreciated.
- Sub-contractors increased by 186 million baht from the Build Lease and Transfer (BLT) project, which hired sub-contractors to install machinery according to the construction plan.

Resulting in the nine-month operating results of 2023, the company had a gross profit of 638 million baht, an increase of 80 million baht or an increase of 14%. The net profit was 81 million baht, a decrease of 153 million baht or a decrease of 65%.

3. Operational Result by Project

Unit : M THB	Q2/2023	Q3/2023	Q3/2022	% Gain (Loss) QoQ	% Gain (Loss) YoY	9M/2023	9M/2022	% Gain (Loss)
Mae Moh 8								
Service Revenue	603	558	723	(7%)	(23%)	1,841	2,516	(27%)
Cost of Services (Include Depreciation) ¹	577	561	727	(3%)	(23%)	1,765	2,064	(14%)
¹ Depreciation	138	138	156	0%	(11%)	415	494	(16%)
Gross Profit	25	(4)	(4)	(115%)	13%	76	452	(83%)
Gross Profit Margin (%)	4%	(1%)	(1%)	(5%)	(0%)	4%	18%	(14%)
โครงการเหมืองหงสา D และหงสา O&M								
Service Revenue	362	364	404	1%	(10%)	1,172	1,075	9%
Cost of Services (Include Depreciation) ¹	278	264	319	(5%)	(17%)	861	926	(7%)
¹ Depreciation	57	43	60	(25%)	(29%)	159	179	(11%)
Gross Profit	84	99	85	19%	16%	311	150	108%
Gross Profit Margin (%)	23%	27%	21%	4%	6%	27%	14%	13%
โครงการ North Pit Wall Expansion								
Service Revenue	58	54	45	(6%)	20%	179	62	189%
Cost of Services (Include Depreciation) ¹	62	70	63	13%	11%	201	100	101%
¹ Depreciation	12	12	12	(0%)	(4%)	35	24	44%
Gross Profit	(4)	(16)	(18)	277%	13%	(22)	(38)	42%
Gross Profit Margin (%)	(7%)	(29%)	(40%)	(22%)	11%	(12%)	(61%)	49%
โครงการ Built Lease and Transfer								
Service Revenue	640	471	-	(26%)	N/A	1,142	-	N/A
Cost of Services (Include Depreciation) ¹	562	291	-	(48%)	N/A	864	-	N/A
¹ Depreciation	1	7	-	845%	N/A	8	-	N/A
Gross Profit	78	180	-	130%	N/A	278	-	N/A
Gross Profit Margin (%)	12%	38%	-	26%	N/A	24%	-	N/A

(1) Mae Moh 8 project

The Mae Moh 8 project had revenue of 558 million baht, a decrease of 7% from Q2/2023, because of a decrease of the production days to be in line with the Mae Moh 8 project contract and an increase in rainfall at the end of the Q2/2023, continuing throughout the Q3/2023, with a record of more rainfall than the same period last year. While maintenance costs are reduced according to the normal maintenance plan.

(2) Hongsa D and Hongsa O&M project

Hongsa Mine Project had income of 364 million baht, an increase of 2 million baht or an increase of 1% from Q2/2023, while maintenance costs and depreciation decreased. Resulting in an increase in gross profit of 16 million baht or an increase of 19% from the Q2/ 2023.

In comparison to the performance in the same period of the previous year, the Hongsa project's gross profit increased by 14 million baht or an increase of 16% from the Q3/2022.

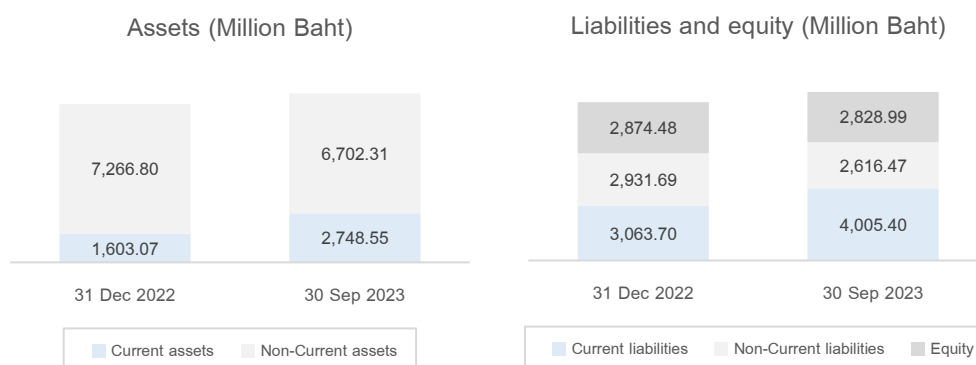
(3) North Pit Wall Expansion Project

The North Pit Wall Expansion Project's revenue decreases by 3 million baht or 6% from Q2/2023. However, the project still had a loss of 16 million baht from the decreased output compared to the Q2/2023

(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 Q3/2023, the project had revenue of 471 million baht and a gross profit of 180 million baht. The project revenue was recognized according to a percentage of completion.

4. Financial Position and Cash Flow

Balance Sheet Position**Assets**

Total assets as of 30 September 2023 totaled 9,450.86 million baht, an increase by 580.99 million baht from that as of 31 December 2022 which totaled 8,869.87 million baht or 6.55% with the following details:

	(Million Baht)			
	30 Sep 2023	31 Dec 2022	change	change %
Current Assets	2,748.55	1,603.07	1,145.48	71.46
Non – Current Assets	6,702.31	7,266.80	(564.49)	(7.77)
Total assets	9,450.86	8,869.87	580.99	6.55

Liabilities

Total liabilities as of 30 September 2023 were 6,621.87 million baht. Compared to a liabilities of 5,995.39 million baht as of 31 December 2022, or an increase by 626.48 million baht or by 10.45% due to an increase of an account payable with the following details:

	(Million Baht)			
	30 Sep 2023	31 Dec 2022	change	change %
Current liabilities	4,005.40	3,063.70	941.70	30.74
Non - Current liabilities	2,616.47	2,931.69	(315.22)	(10.75)
Total liabilities	6,621.87	5,995.39	179.87	10.45

Shareholder's equity

Shareholder's equity as of 30 September 2023 amounted to 2,828.99 million baht, decrease by 45.49 million baht or 1.58% from dividend payment while net profit for this period was slightly increase.

	(Million Baht)			
	30 Sep 2023	31 Dec 2022	change	change %
Total shareholders' equity	2,828.99	2,874.48	(45.49)	(1.58%)

Statement of Cash Flows

As of 30 September 2023, cash and cash equivalents stood at 187.65 million baht, decrease by 55.57 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	241.99
Cash flows from investing activities	(314.88)
Cash flows from financing activities	17.31
Net decrease in cash and cash equivalents	(55.57)

Cash flows from operating activities was 241.99 million baht from operating profit.

Cash flows from investing activities amounting at (314.88) million baht, mainly due to asset acquisition according to the project investment plan.

Cash flows from financing activities in the amount of 17.31 million baht, mainly from long-term loans

Financial Cost

Financial cost for Q3/2023 and Q3/2022 were 193.41 million baht and 177.95 million baht respectively, or an increase by 8.68%.

	(Million Baht)			
	30 Sep 2023	30 Sep 2022	change	change %
Financial cost	193.41	177.95	15.45	8.68%

5. Key Financial Ratios

Profitability Ratios		2022	6M/2023	9M/2023
Gross Profit (After Depreciation)	(Percent)	14.89	13.15	14.73
EBITDA	(Percent)	28.96	22.46	21.38
EBIT	(Percent)	10.72	7.32	6.49
Net (Loss) Profit	(Percent)	5.88	3.21	1.85

Efficiency Ratios		2022	*6M/2023	*9M/2023
Return on Assets	(Percent)	3.41	1.34	1.69
Return on Fix Assets	(Percent)	18.45	15.28	15.45
Return on Equity	(Percent)	11.06	4.16	5.42

Leverage Ratios		2022	6M/2023	9M/2023
Debt to Equity ratio	(times)	2.09x	2.17x	2.34x
Interest Bearing Debt to Equity ratio	(times)	1.69x	1.72x	1.77x

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