

1.Executive Summary

In Q2/2024, Sahakol Equipment Public Company Limited ("the Company") had total service revenue of 1,154.6 million baht, a decrease of 15.1% from Q1/2024 or a decrease of 30.8 percent when compared to the same period of the previous year, due to the Build Lease and Transfer (BLT) project being delivered as scheduled in April 2024, which resulted in a decrease in project revenue of 210.8 million baht from Q1/2024.

Overall, the Mae Moh 8 Mine Project generated revenue 7.3% lower than in Q1/2024 due to a decrease in coal volume as planned the end of the contract, a shutdown of the conveyor system for maintenance, work in a vibration-controlled area near a community (no blasting), and increased rainfall. In terms of service costs, the Mae Moh 8 Project saw higher costs for conveyor and contractor maintenance compared to the previous quarter.

While the Hongsa Mine project overall revenue was higher than Q1/2024 due to the completion of the relocate spreader in March and the earlier-than-planned connection of the BLT system, allowing for faster implementation of the conveyor system, while the cost of services was slightly lower compared to the previous quarter.

In Q2/2024, there was a gross profit of 135.8 million baht, a decrease from Q1/2024, which had a gross profit of 240.9 million baht, and from the same period of the previous year, which had a gross profit of 181 million baht. As a result, in Q2/2024, the company had a net loss of 23.9 million baht, with net profit decreasing from Q1/2024 by 105.1 million baht and decreasing from Q2/2023 by 45.2 million baht.

2. Financial Performance

Unit : M THB	Q1/2024	Q2/2024	Q2/2023	% Gain (Loss) QoQ	% Gain (Loss) YoY	6M/2024	6M/2023	% Gain (Loss)
Total revenues	1,359.7	1,154.6	1,667.9	(15.1%)	(30.8%)	2,514.4	2,923.4	(14.0%)
Service revenues	1,351.5	1,129.5	1,661.8	(16.4%)	(32.0%)	2,481.1	2,887.0	(14.1%)
Cost of Services (Include Depreciation) ¹	1,110.6	993.7	1,480.8	(10.5%)	(32.9%)	2,104.3	2,507.5	(16.1%)
¹ Depreciation	193.1	193.8	208.1	0.4%	(6.9%)	386.9	419.5	(7.8%)
Gross Profit (After Depreciation)	240.9	135.8	181.0	(43.6%)	(25.0%)	376.8	379.5	(0.7%)
Administrative expenses	123.9	107.2	89.3	(13.5%)	20.0%	231.1	204.5	13.0%
EBITDA	326.4	255.4	313.4	(21.8%)	(18.5%)	581.9	648.5	(10.3%)
Financial Cost	70.7	71.6	65.6	1.3%	9.1%	142.3	126.5	12.5%
Net Profit	46.7	(23.9)	39.9	(151.2%)	(159.9%)	22.8	93.9	(75.7%)
EBITDA margin (%)	24.0%	22.1%	18.8%	(1.9%)	3.3%	23.1%	22.2%	1.0%
Gross Profit Margin (%)	17.8%	12.0%	10.9%	(5.8%)	1.1%	15.2%	13.1%	2.0%
Net Profit Margin (%)	3.4%	(2.1%)	2.4%	(5.5%)	(4.5%)	0.9%	3.2%	(2.3%)

Key performance

- Service revenue in Q2/2024 was 1,129.5 million baht (-32.0% YoY, -16.4% QoQ).
- EBITDA in Q2/2024 was 255.4 million baht (-18.5% YoY, -21.8%QoQ).
- Net loss in Q2/2024 was 23.9 million baht (-159.9% YoY, -151.2%QoQ).

Quarterly Q2/2024 performance compared to Q1/2024 performance (QoQ)

In Q2/2024, the Company had total revenue of 1,154.6 million baht, a decrease of 205.1 million baht or 15.1% from Q1/2024, due to lower revenue recognition from the Build Lease and Transfer (BLT) project due to the delivery of work as scheduled in the contract in April 2024 and lower coal production volume of the Mae Moh 8 mine project as it was nearing completion of the contract, while cost of services decreased by 10.5% , with significant changes in costs and expenses as follows:

- Maintenance costs decreased by 51.3 million baht, mainly from the Build Lease and Transfer (BLT) project, as it was at the end of the contract to carry out the construction plan according to the contract that was delivered in the Q2/2024.
- Fuel costs decreased by 7.9 million baht from lower consumption of the North Pit Wall Expansion project, which has a closer working distance.
- Explosives costs decreased by 3.3 million baht from mining in vibration control areas near community areas. (Prohibited use of explosives) of the Mae Moh 8 mining project.

- Subcontractor costs decreased by 27.3 million baht, mainly from the Build Lease and Transfer (BLT) project, as it was at the end of the contract to carry out the construction plan according to the contract that was delivered in Q2/2024.
- Financial costs increased by 0.94 million baht from the withdrawal of loans from the Build Lease and Transfer (BLT) project to pay for goods and services.

Resulting in Q2/2024 The company had a gross profit of 135.8 million baht, a decrease of 105.1 million baht or a decrease of 43.6%, and a net loss of 23.9 million baht. Net profit decreased by 70.6 million baht or a decrease of 151.2% from Q1/2024.

Quarterly Q2/2024 performance compared to Q2/2023 (YoY)

The company's total income decreased by 513.3 million baht or 30.8% from the same period last year. From the Build Lease and Transfer (BLT) project, completed according to the construction plan and delivered in early Q2/2024, with service costs reduced by 32.9%, with important costs and expenses that have changed as follows.

- Maintenance costs decreased by 310 million baht, mainly from the Build Lease and Transfer (BLT) project that was carried out according to the construction plan at the end of the project.
- Labor costs decreased by 13.1 million baht due to the delivery of the Build Lease and Transfer (BLT) project during April. Consistent with the project's work plan and the Mae Moh 8 mining project from the policy to control the amount of employment
- Subcontractor costs decreased by 154.2 million baht due to the delivery of the Build Lease and Transfer (BLT) project during April. Consistent with the project's work plan
- Depreciation costs decreased by 14.2 million baht from some old machines that were fully depreciated.
- Selling and administrative expenses increased by 17.9 million baht because in this quarter there was a loss from foreign exchange for the Build Lease and Transfer (BLT) project.

Resulting in Q2/2024 The company had a gross profit of 135.8 million baht, a decrease of 45.2 million baht or 25%, and a net loss of 23.9 million baht. Net profit decreased by 63.8 million baht or a decrease of 159.9% from Q2/2023.

Operational results of the six-month period in 6M/2024 compared to 6M/2023

The Company's revenue decreased by 409 million baht or 14% from the same period of the previous year due to the recognition of revenue from the Build Lease and Transfer (BLT) project which was completed this quarter and from the adjustment of the mine plan of both Mae Moh 8 and Hongsa projects. The significant cost changes are as follows:

- Fuel costs increased slightly by 3.22 million baht from the Hongsa project which has increased its performance compared to the same period of 2023.
- Maintenance costs decreased by 283 million baht, in line with the construction plan for the Build Lease and Transfer (BLT) project from the Mae Moh 8 mine project and the Hongsa mine project. according to work plan
- Depreciation costs decreased by 32.6 million baht because some machines were fully depreciated.
- Subcontractor costs decreased by 112.6 million baht from the Build Lease and Transfer (BLT) project, where contractors were hired to install machinery according to the construction plan that ended at the beginning of the quarter.

As a result, in the operating results for the six-month period 2024, the company had a gross profit of 376.8 million baht, a decrease of 2.7 million baht or a decrease of 0.7% from the same period last year. With a net profit of 22.8 million baht, a decrease of 71.1 million baht or a decrease of 75.7%.

3. Operational Result by Project

Unit : M THB	Q1/2024	Q2/2024	Q2/2023	% Gain (Loss) QoQ	% Gain (Loss) YoY	6M/2024	6M/2023	% Gain (Loss)
Mae Moh 8								
Service Revenue	600.1	556.3	602.5	(7.3%)	(7.7%)	1,156.4	1,282.9	(9.9%)
Cost of Services (Include Depreciation)	501.7	565.5	577.4	12.7%	(2.1%)	1,067.2	1,203.4	(11.3%)
¹ Depreciation	133.4	135.1	137.7	1.3%	(1.9%)	268.5	277.4	(3.2%)
Gross Profit	98.4	(9.2)	25.1	(109.3%)	(136.7%)	89.2	79.5	12.2%
Gross Profit Margin (%)	16.4%	(1.7%)	4.2%	(18.1%)	(5.8%)	7.7%	6.2%	1.5%
Hongsa D and Hongsa O&M								
Service Revenue	343.6	413.0	361.8	20.2%	14.2%	756.6	808.4	(6.4%)
Cost of Services (Include Depreciation)	260.4	253.4	278.0	(2.7%)	(8.8%)	513.9	596.9	(13.9%)
¹ Depreciation	44.0	45.6	57.1	3.5%	(20.2%)	89.6	116.0	(22.8%)
Gross Profit	83.2	159.5	83.8	91.7%	90.4%	242.8	211.5	14.8%
Gross Profit Margin (%)	24.2%	38.6%	23.2%	14.4%	15.5%	32.1%	26.2%	5.9%
North Pit Wall Expansion								
Service Revenue	73.3	54.6	57.5	(25.5%)	(5.0%)	127.9	124.5	2.7%
Cost of Services (Include Depreciation)	86.6	80.0	61.7	(7.6%)	29.7%	166.6	130.7	27.5%
¹ Depreciation	11.7	11.8	11.7	0.9%	0.9%	23.5	23.4	0.4%
Gross Profit	(13.3)	(25.4)	(4.2)	(91.0%)	504.8%	(38.7)	(6.2)	>100%
Gross Profit Margin (%)	(18.1%)	(46.5%)	(7.3%)	(28.4%)	(39.2%)	(30.3%)	(5.0%)	(25.3%)
Built Lease and Transfer (BLT)								
Service Revenue	334.5	123.7	640.0	(63.0%)	(80.7%)	458.2	671.2	(31.7%)
Cost of Services (Include Depreciation)	261.5	94.0	561.9	(64.1%)	(83.3%)	355.5	572.9	(37.9%)
¹ Depreciation	4.0	1.3	0.7	(67.5%)	85.7%	5.3	0.9	>100%
Gross Profit	73.0	29.7	78.1	(59.3%)	(62.0%)	102.7	98.3	4.4%
Gross Profit Margin (%)	21.8%	24.0%	12.2%	2.2%	11.8%	22.4%	14.6%	7.8%

(1) Mae Moh 8 project

Mae Moh 8 Mine Project had revenue of 556.3 million baht, down 7.3% from Q1/2024 due to lower coal volume as planned, but service costs increased by 12.7% from maintenance costs of conveyor belts and higher contractor usage due to the turnaround for conveyor belt repairs.

If considering the operating results in the same period of the previous year Gross profit decreased by 34.3 million baht or 136.7% from a decrease in work volume compared to the same period of the previous year.

(2) Hongsa D and Hongsa O&M

Hongsa Mine Project had revenue of 413 million baht, an increase of 69.3 million baht or 20.2% from Q1/2024 due to the completion of Relocate spreader in March and the connection of BLT system earlier than planned, allowing the use of the conveyor system before the plan, resulting in more working hours than planned, while the cost of sales decreased slightly, resulting in a gross profit increase of 76.3 million baht or 91.7% from Q1/2024.

If considering the operating results in the same period of the previous year The Hongsa Mine Project's revenue increased by 51.2 million baht or 14.2% from higher output than the target set according to the plan from connecting BLT's systems and gross profit margin increased from Q2/2023.

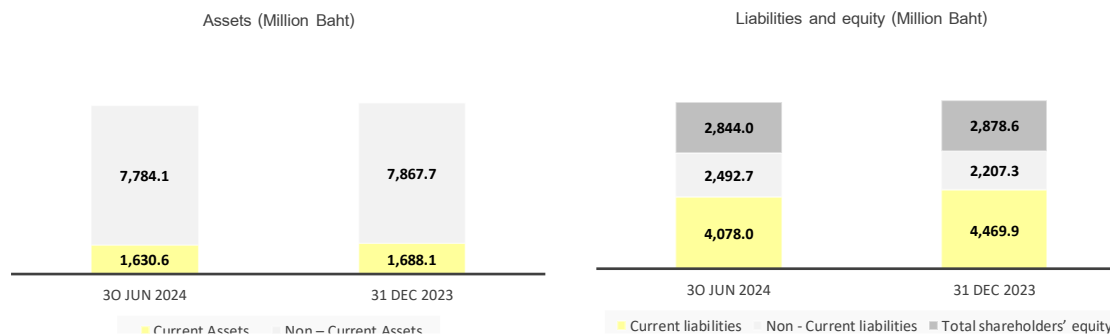
(3) North Pit Wall Expansion Project

The North Pit Wall Expansion project had revenue decreased by 18.7 million baht or a decrease of 25.5% from Q1/2024 due to adjustments to the mine plan resulting in a closer running distance, which resulted in lower revenue price per unit. Meanwhile, service costs decreased slightly. Resulting in an increased loss of 12.1 million baht from Q1/2024.

(4) Build Lease and Transfer Project

The Build Lease and Transfer project is a conveyor belt construction project for delivery to the employer. Revenue was 123.7 million baht and gross profit was 30.3 million baht. Recognize income according to percentage of completion and have income from interest received according to the contract. The work has been delivered according to the contract schedule in April 2024.

4. Financial Position and Cash Flow

Balance Sheet Position

Assets

As of 30 June 2024, the company had total assets equal to 9,414.7 million baht, a decrease of 141.2 million baht from total assets as of 31 December 2023 of 9,555.9 million baht, or a decrease of 1.5%:

(Million Baht)

	30 Jun 2024	31 Dec 2023	change	change %
Current Assets	1,630.6	1,688.1	(57.5)	(3.4%)
Non – Current Assets	7,784.1	7,867.8	(83.7)	(1.1%)
Total assets	9,414.7	9,555.9	(141.2)	(1.5%)

Liabilities

As of June 30, 2024, the company had total liabilities of 6,570.7 million baht, a decrease of 106.5 million baht from total liabilities as of December 31, 2023 of 6,677.2 million baht, or a decrease of 1.6%, with the majority of the change coming from long-term borrowing from financial institution:

(Million Baht)

	30 Jun 2024	31 Dec 2023	change	change %
Current liabilities	4,078.0	4,469.9	(391.9)	(8.8%)
Non - Current liabilities	2,492.7	2,207.3	285.4	12.9%
Total liabilities	6,570.7	6,677.2	(106.5)	(1.6%)

Shareholder's equity

As of June 30, 2024, the Company's shareholders' equity amounted to 2,844 million baht, a decrease of 34.6 million baht from the Company's shareholders' equity as of December 31, 2023, amounting to 2,878.6 million baht, or a decrease of 1.2% from dividend payments and decrease of net profit.

(Million Baht)

	30 Jun 2024	31 Dec 2023	change	change %
Total shareholders' equity	2,844.0	2,878.6	(34.6)	(1.2%)

Statement of Cash Flows

As of 30 June 2024, there was cash and cash equivalents in the amount of 206,3 million baht, a decrease of 26.1 million baht from 31 December 2023, which had cash and cash equivalents in the amount of 180,2 million baht, which can be summarized as follows.

(Million Baht)

Cash flows from operating activities	(216.3)
Cash flows from investing activities	(147.8)
Cash flows from financing activities	390.2
Net decrease in cash and cash equivalents	26.1

Cash flows from operating activities amounting 216.3 million baht, mostly used in operations that have net profits before income tax

Cash flows from investing activities amount of 147.8 million baht was used to pay for the assets in accordance with the investment plan.

Cash flows from financing activities amount of 390.2 million baht mostly came from long-term loans from financial institutions.

Financial Cost

Financial costs for the end of Q2/2024 and Q2/2023 were 142.3 million baht and 193.4 million baht, respectively, a decrease of 26.4% from the gradual repayment of long-term loans according to the loan agreement.

(Million Baht)

	30 Jun 2024	30 Jun 2023	change	change %
Financial cost	142.3	193.4	(51.1)	(26.4%)

5. Key Financial Ratios

Profitability Ratios		2023	3M/2024	6M/2024
Gross Profit (After Depreciation)	(Percent)	14.2	17.8	15.2
EBITDA	(Percent)	21.1	24.1	23.4
EBIT	(Percent)	7.1	9.3	7.2
Net (Loss) Profit	(Percent)	2.1	3.4	0.9

Efficiency Ratios		2023	*3M/2024	*6M/2024
Return on Assets	(Percent)	1.4	1.3	0.6
Return on Fix Assets	(Percent)	15.2	15.9	21.6
Return on Equity	(Percent)	4.5	4.2	2.1

Leverage Ratios		2023	*3M/2024	*6M/2024
Debt to Equity ratio	(times)	2.3x	2.3x	2.3x
Interest Bearing Debt to Equity ratio	(times)	1.7x	1.9x	1.9x

Note *Key financial ratios as of 30 June 2024 was calculated based on last 12 months.