

## 1.Executive Summary

Sahakol continues its operation in mining and transport of soil and coal under 2 main projects, namely the Mae Moh 8 and Hongsa projects. The Company realized a net profit of 239 million baht in the current quarter, an increase from Q4/2020 with a net profit of 72 million baht. This was the result of efficient management of work and maintenance plans for the conveyor system, thereby reducing overall operating costs in Q1/2021, coupled with a decrease in sales and administrative expenses by 89 million baht compared to the previous quarter despite an apportionment of expense reserves of 28 million baht for the Mai Khot Coal Mine Project in the Republic of the Union of Myanmar. This reserved amount was apportioned in view of the current uncertainties in the Republic of the Union of Myanmar and is equivalent to approximately one-third of overall investment amount.

When compared to the same period of the previous year, the Company had an increase in net profit in Q1/2021 of 137million baht or an increase of 134 per cent. The main contributing factors were the significant decrease in contractor costs, depreciation and financial costs, resulting in a remarkable improvement in operational results.

As for the current situation on the Mai Khot project, the COVID-19 and the political situation in the Republic of the Union of Myanmar has resulted in a temporary halt in implementation plans despite having apportioned expense provisions for this project. However, as the rights and opportunities to this project has not ceased, future resumption of the project will be notified to the shareholders in due course.

## 2. Financial Performance

Unit : M THB	Q4/2020	Q1/2021	Q1/2020	% Gain (Loss) QoQ	% Gain (Loss) YoY
Total revenues	1,248	1,229	1,307	(2%)	(6%)
Cost of Services (Include Depreciation <sup>1</sup> )	907	844	1,036	(7%)	(19%)
<sup>1</sup> Depreciation	259	251	275	(3%)	(9%)
Gross Profit (After Depreciation)	328	367	262	12%	40%
Administrative expenses	197	108	94	(45%)	15%
EBITDA	410	535	478	31%	12%
Financial cost	72	69	87	(4%)	(21%)
Net Profit*	72	239	102	234%	134%
EBITDA margin (%)	33%	44%	37%	11%	7%
Gross Profit Margin (%)	27%	30%	20%	4%	10%
Net Profit Margin (%)	6%	19%	8%	14%	12%

\*Net Profit (Equity holder of the Company)

*Financial position for Q1/2021 compared with Q4/2020 (QoQ)*

In Q1/2021, Sahakol's revenue totaled 1,229 million baht, a decrease of 19 million baht or a 2 per cent decline compared to Q4/2020. Both projects have resulted in profit levels close to the previous quarter when considering the significant costs changes resulting in a different net profit margin.

Changes in key cost areas:

- Depreciation costs decreased by 8 million baht based on a reduction in machinery depreciation for those that have full depreciated over its useful life.
- Fuel costs increased by 18 million baht based on overall increase in global oil price.
- Sales and administrative costs decreased by 89 million baht as no expenses were incurred in the adjust of accounting transactions between the Company and the Mae Moh 7 project for the quarter. In the current quarter, a reserve amount of 28 million baht was apportioned for the Mai Khot project or approximately one-third of the total investment in view of the uncertain situation of the country.
- An accrued expense of 15 million baht was allotted for the demolition of equipment at the completion of the Mae Moh 8 project.
- Financial costs decreased by 3 million baht from gradual repayment of long-term loans under the contract resulting in lower principal amounts and more efficient liquidity management.

As a result, the company earned a net profit of 239 million baht for Q1/2021, an increase by 167 million baht, equivalent to an increase of 234 per cent compared to Q4/2020.

Operational results of the three-month period in Q1/2021 compared to Q1/2020 (YoY)

Sahakol's total revenues declined by 77 million baht or a 6 per cent decrease when compared to the same period in the previous year. As operational results for Q1/2020 included additional revenues from the last phase of the Mae Moh 7 project which ended on 30 April 2020, revenues were therefore higher when compared to the current quarter.

As such, the Company's operating costs decreased by 214 million baht with the following cost changes:

- Depreciation costs declined by 24 million baht as machineries under Mae Moh 7 have fully depreciated at the completion of the project, and such machineries have been reallocated to support the Mae Moh 8 project increasing efficiency in the conveyor system. Moreover, contractor hiring costs have been adjusted to be in line with the mining work area resulting improved hiring efficiency and lower contractor costs.
- Contractor costs decreased by 106 million baht compared to the previous period during which there were increased hiring of contractors towards the completion of the Mae Moh 7 project. More efficient machinery management in the current quarter also contributed to lower contractor costs.
- A decrease of 18 million baht in financial costs was due to gradual repayment of long-term loans resulting in lower principal amounts and more efficient liquidity management.

As a result, the Company realized a net profit of 239 million baht in Q1/2021, an increase of 137 million baht or by 134 per cent when compared to Q1/2020.

## 3.Operation Result by Project

Unit : M THB	Q4/2020	Q1/2021	Q1/2020	% Gain (Loss) QoQ	% Gain (Loss) YoY
<b>Mae Moh 8</b>					
Service Revenue	873	850	768	(3%)	11%
Cost of Services (Include Depreciation <sup>1</sup> )	628	618	568	(2%)	9%
<sup>1</sup> Depreciation	201	193	166	(4%)	16%
Gross Profit	245	232	199	(5%)	17%
Gross Profit (%)	28%	27%	26%	(1%)	1%
<b>Hongsa</b>					
Service Revenue	357	356	298	(0.0%)	19.6%
Cost of Services (Include Depreciation <sup>1</sup> )	266	259	236	(2.8%)	9.5%
<sup>1</sup> Depreciation	57	57	64	(0%)	(12%)
Gross Profit	90	98	62	8%	58%
Gross Profit (%)	25%	27%	21%	2%	7%

**Mae Moh 8**

Under the Mae Moh 8 project, revenues declined by 23 million baht or by 3 per cent from Q4/2020 due to a slight decline in productivity in the current quarter. Gross profit decreased by 13 million baht or by 5 per cent. However, efficient management of work and maintenance plans for the conveyor system, thereby lowering total operating costs effect to gross profit margin slight decrease to be 27 per cent compared to 28 per cent in Q4/2020.

When comparing operational results to the same period of the previous year, gross profit increased by 33 million baht or a 17 per cent increase. This increase is attributed to adjustments in contractor hiring to be more in line with the mining area, this helped to lower contractor costs and therefore increased gross profit margin to be 27 per cent in Q1/2021 compared to the 26 per cent increase in Q1/2020.

**Hongsa**

The Hongsa project registered a decline of 1 million baht in revenues compared to Q4/2020, the result of which is comparable to the previous period. Gross profit on the other hand, increased by 7 million baht, equivalent to an increase of 8 per cent, thereby raising gross profit margin to be 27 per cent compared to 25 per cent in Q4/2020.

When comparing operational results to the same period of the previous year, gross profit for Hongsa increased by 36 million baht or an increase of 58 per cent. Productivity increased in Q1/2021 as there were no interruptions for relocation or maintenance of the conveyor system as well as no interruption of the operation of the powerplant, resulted in an increase in gross profit margin to be 27 per cent compared to the 25 per cent increase in Q1/2020.

#### 4.Summary of Financial Position

##### Balance Sheet Position

##### Assets

Total assets as of 31 March 2021 totaled 9,873.03 million baht, a decrease by 136.36 million baht from that as of 31 December 2020 which totaled 10,009.39 million baht or 1.36% with the following details:

	(Million Baht)			
	2020	Q1/2021	change	change %
Current Assets	1,453.71	1,583.00	129.29	8.89%
Non – Current Assets	8,555.68	8,290.03	-265.64	-3.10%
<b>Total assets</b>	<b>10,009.39</b>	<b>9,873.03</b>	<b>-136.36</b>	<b>-1.36%</b>

##### Liabilities

Total liabilities as of 31 March 2021 were 7,224.88 million baht. Compared to liabilities of 7,597.12 million baht as of 31 December 2020, total liabilities declined by 372.25 million baht or by 4.90% due to a gradual debt repayments of long-term loans have been made with the following details:

	(Million Baht)			
	2020	Q1/2021	change	change %
Current liabilities	2,928.31	2,884.87	-43.44	-1.48%
Non - Current liabilities	4,668.82	4,340.01	-328.81	-7.04%
<b>Total liabilities</b>	<b>7,597.12</b>	<b>7,224.88</b>	<b>-372.25</b>	<b>-4.90%</b>

##### Shareholder's equity

Shareholder's equity as of 31 March 2021 amounted to 2,648.16 million baht, an increase by 235.90 million baht or 9.78% from Net profit for this period with details as follows:

	(Million Baht)			
	Q1/2021	2020	change	change %
<b>Total shareholders' equity</b>	<b>2,412.26</b>	<b>2,648.16</b>	<b>235.90</b>	<b>9.78%</b>

Statement of Cash Flows

As of 31 March 2021, cash and cash equivalents stood at 221.16 million baht, decreased by 20.52 million baht or 8.49% from those in 2020 which had cash and cash equivalents amounted to 241.68 million baht as summarized below:

	(Million Baht)
Cash flows from operating activities	367.30
Cash flows from investing activities	-17.42
Cash flows from financing activities	-372.64
Currency translation difference	2.25
Net decrease in cash and cash equivalents	-20.52

Cash flows from operating activities was 367.30 million baht from operating profit

Cash flows from investing activities amounting at (17.42) million baht, mainly due to asset acquisition according to the project investment plan.

Cash flows from financing activities in the amount of ( 372.64) million baht, mainly arising from repayment of long-term loans and paid up of financial lease payable.

Financial Cost

Financial cost for Q1/2021 and Q1/2020 were 69.37 million baht and 87.83 million baht respectively, a 21.02% decrease. The main contributing factors mainly because of repayment of long-term loans and the interest rate MLR has decreased.

## 5.Key Financial Ratios

Profitability Ratios		2020	Q1/2021
Gross Profit (After Depreciation)	(Percent)	20.86	30.33
EBITDA	(Percent)	34.85	44.20
EBIT	(Percent)	11.52	22.92
Net (Loss) Profit	(Percent)	5.05	19.43

Efficiency Ratios		2020	*Q1/2021
Return on Assets	(Percent)	2.28	3.80
Return on Fix Assets	(Percent)	10.66	19.56
Return on Equity	(Percent)	10.53	14.94

Leverage Ratios		2020	Q1/2021
Debt to Equity ratio	(times)	3.15x	2.73x
Interest Bearing Debt to Equity ratio	(times)	2.85x	2.45x

### Note

\*Key financial ratios as of 31 March 2021 was calculated based on last 12 months annualized.