

Ref. No. 0865/41E

August 11, 2022

Subject: Clarification on the Operating Results in the 2nd Quarter 2022 and the First 6-Month Period of 2022

Attn: President

The Stock Exchange of Thailand

The Company wishes to report on the Company's operating results in the 2nd quarter 2022 and the first 6-month period of 2022, having details as follows:

(1) Net profit of the Company and subsidiary companies in the 2nd quarter 2022 totaled Baht 1,196.20 million, which increased from the same period last year by Baht 873.60 million and net earnings per share was Baht 2.28 per share, which increased from the same period last year by Baht 1.67 per share or 270.79 percent, due to the following reasons:

(1.1) Net profit from coal business and wood pellet business derived from shareholding proportion of the Company in the 2nd quarter 2022 was Baht 1,163.27 million, which increased from same period last year by Baht 820.44 million or 239.31 percent. This was due to the increase in coal sales volume and average coal selling price from the same period last year of 27.88 and 96.85 percent, respectively.

(1.2) Net loss from ethanol business derived from shareholding proportion of the Company in the 2nd quarter 2022 was Baht 26.23 million, which decreased from the same period last year by Baht 4.37 million or 20.02 percent. Accordingly, ethanol sales volume decreased by 52.85 percent since there was a shortage of raw material causing the subsidiary company to temporarily stop its ethanol production for the Production Line No. 1; and

(1.3) Share of income from associated companies totaled Baht 59.16 million, which increased from the same period last year by Baht 57.53 million or 3,529.45 percent due to the share of income from PT. Pesona Khatulistiwa Nusantara ("PKN") of Baht 56.72 million, which is the associated company that the Company has acquired shares in PKN at 10 percent of the total number of paid-up shares on August 31, 2021.

(2) Net profit of the Company and subsidiary companies in in the first 6-month period of 2022 totaled Baht 1,811.34 million, which increased from the same period last year by Baht 1,246.10 million and net earnings per share was Baht 3.45 per share, which increased from the same period last year by Baht 2.37 per share or 220.46 percent, due to the following reasons:

(2.1) Net profit from coal business and wood pellet business derived from shareholding proportion of the Company in the first 6-month period of 2022 was Baht 1,749.15 million, which increased from the same period last year by Baht 1,194.20 million or 215.19 percent. This was due to the increase in coal sales volume and average coal selling price from the same period last year of 18.82 and 86.36 percent, respectively.

(2.2) Net loss from ethanol business derived from shareholding proportion of the Company in the first 6-month period of 2022 was Baht 23.65 million, which decreased from the same period last year by Baht 30.83 million or 429.39 percent. Accordingly, ethanol sales volume decreased by 23.85 percent since there was a shortage of raw material causing the subsidiary company to temporarily stop its ethanol production for the Production Line No. 1; and

(2.3) Share of income from associated companies totaled Baht 85.84 million, which increased from the same period last year by Baht 82.73 million or 2,660.13 percent due to the share of income from PT. Pesona Khatulistiwa Nusantara ("PKN") of Baht 81.49 million, which is the associated company that the Company has acquired shares in PKN at 10 percent of the total number of paid-up shares on August 31, 2021.

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

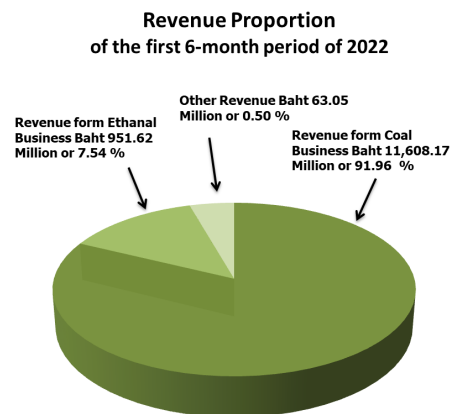
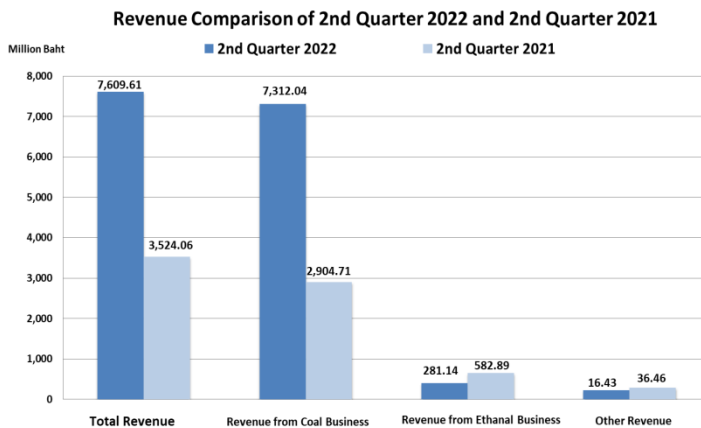
(Mrs. Petcharat Chayanon)
Chief Officer – Accounting and Finance

MANAGEMENT DISCUSSION AND ANALYSIS

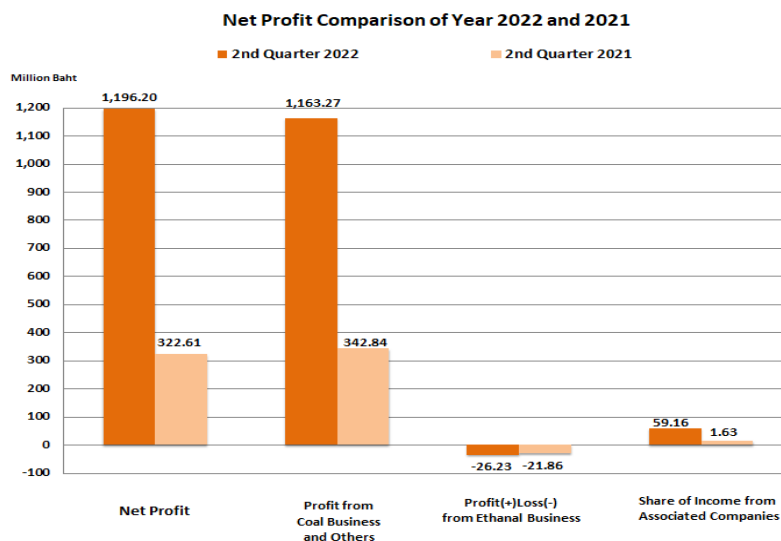
(For the Consolidated Financial Statements of the 2nd quarter 2022 and the first 6-month period of 2022)

OVERALL OPERATING RESULTS

The total revenue of the Company and subsidiary companies in the 2nd quarter 2022 and the first 6-month period of 2022 were Baht 7,609.61 million and Baht 12,622.84 million, which increased from the same period last year by Baht 4,085.55 million and Baht 6,073.94 million or 115.93 percent and 92.75 percent. The revenue proportion from coal business, ethanol business and other income in the first 6-month period of 2022 accounted for 91.96 percent, 7.54 percent and 0.50 percent, respectively.



The net profit of the Company and subsidiary companies in the 2nd quarter 2022 and the first 6-month period of 2022 totaled Baht 1,196.20 million and Baht 1,811.34 million or Baht 2.28 and 3.45 per share, which increased from the same period last year by Baht 873.60 million and Baht 1,246.10 million or Baht 1.67 and 2.37 per share, accounted for 270.79 percent and 220.46 percent, respectively, which is the highest net profit the Company has recorded since its establishment in 1985, with the net profit margin of 23.47 percent, the EBITDA margin of 40.81 percent, and the return on equity of 28.28 percent.



The overall financial position and liquidity of the Company and subsidiary companies as at June 30, 2022 were considered excellent. The current ratio was as high as 2.27 times and the quick ratio was at 1.65 times and the total debt to total assets ratio was only 34.64 percent with debt to equity ratio of only 53.00 percent.

Operating Results of the Coal Business or the Core Business: The Company and subsidiary companies had total revenue from coal business in the 2nd quarter 2022 and the first 6-month period of 2022 of Baht 7,312.04 million and Baht 11,608.17 million, which increased from the same period last year by Baht 4,407.33 million and Baht 6,365.23 million or 151.73 percent and 121.41 percent, due to the increase in coal sales volume from the same period last year of 27.88 percent and 18.82 percent and the increase in average coal selling price from the same period last year of 96.85 percent and 86.36 percent, respectively. The net profit derived from shareholding proportion of the Company in the 2nd quarter 2022 and the first 6-month period of 2022 were Baht 1,163.27 million and Baht 1,749.15 million, which increased from the same period last year by Baht 820.44 million and 1,194.20 million or 239.31 percent and 215.19 percent, respectively. Coal prices are likely to remain high due to the war between Russia and Ukraine is prompting the price of fuel to skyrocket and also driving demand for renewable energy, as well as the European Union (EU) has expanded sanctions against Russia, causing the EU to buy more coal to replace Russian gas imports. Moreover, the government of China has also announced a reduction in coal import tariffs to zero percent to ensure domestic energy security, and India is importing more coal in order to reduce natural gas imports that are a lot more expensive, resulting in the rising coal prices in the global market in line with the increasing demand for coal.

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 2nd quarter 2022 and the first 6-month period of 2022 of Baht 281.14 million and Baht 951.62 million, which decreased from the same period last year by Baht 301.75 million and Baht 314.30 million or 51.77 percent and 24.83 percent. This was due to the significantly decrease in ethanol sales volume from the same period last year of 52.85 percent and 23.85 percent, despite the increase in average ethanol selling price in the 2nd quarter 2022 from the the same period last year of 2.35 percent but during the first 6-month period of 2022, it decreased from the same period last year by 1.23 percent. The net loss derived from shareholding proportion of the Company in the 2nd quarter 2022 and the first 6-month period of 2022 were Baht 26.23 million and Baht 23.65 million, which decreased from the same period last year by Baht 4.37 million and Baht 30.83 million or 20.02 percent and 429.39 percent, respectively. Despite the small increases in molasses price, which is the main raw material for ethanol production, from the same period last year of 0.52 percent and 4.69 percent, respectively; however, a shortage of raw material caused the subsidiary company to temporarily stop its ethanol production for the Production Line No. 1.

Operating Results Analysis

Revenue (Unit : Million Baht)	2 nd Quarter (Apr.-Jun.)		Increase (Decrease) (%)	First 6-Month Period (Jan. – Jun.)		Increase (Decrease) (%)
	2022	2021		2022	2021	
Revenue from Coal Sales	7,312.04	2,904.71	151.73	11,608.17	5,242.94	121.41
Revenue from Ethanol Sales	281.14	582.89	(51.77)	951.62	1,265.92	(24.83)
Other Income	16.43	36.46	(54.94)	63.05	40.04	57.47
Total Revenue	7,609.61	3,524.06	115.93	12,622.84	6,548.90	92.75

REVENUE:

(1) Revenue of the Company and subsidiary companies in the 2nd quarter 2022 totaled Baht 7,609.61 million, which increased from the same period last year by Baht 4,085.55 million or 115.93 percent due to the following reasons:

(1.1) Revenue from coal business, which is the core business, was Baht 7,312.04 million, which increased from the 2nd quarter 2021 by Baht 4,407.33 million or 151.73 percent. This was due to the increase 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 281.14 million, which decreased from the 2nd quarter 2021 by Baht 301.75 million or 51.77 percent. This was due to the decrease in ethanol sales volume as described above; and

(1.3) Other income totaled Baht 16.43 million, which decreased from the same period last year by Baht 20.03 million or 54.94 percent. This was due to the decrease in foreign exchange gain.

(2) Revenue of the Company and subsidiary companies in the first 6-month period of 2022 totaled Baht 12,622.84 million, which increased from the same period last year by Baht 6,073.94 million or 92.75 percent due to the following reasons:

(2.1) Revenue from coal business, which is the core business, was Baht 11,608.17 million, which increased from the first 6-month period of 2021 totaled by Baht 6,365.23 million or 121.41 percent. This was due to the increase in coal sales volume and average coal selling price as described above.

(2.2) Revenue from ethanol business, which is the secondary core business, was Baht 951.62 million, which decreased from the first 6-month period of 2021 totaled by Baht 314.30 million or 24.83 percent. This was due to the decrease in ethanol sales volume and average ethanol selling price as described above; and

(2.3) Other income totaled Baht 63.05 million, which increased from the same period last year by Baht 23.01 million or 57.47 percent. This was due to the royalty adjustment by the subsidiary companies in Indonesia as the projected coal sales of the previous year was higher by Baht 25.63 million.

Expenses (Unit : Million Baht)	2 nd Quarter (Apr.- Jun.)		Increase (Decrease) (%)	First 6-Month Period (Jan. – Jun.)		Increase (Decrease) (%)
	2022	2021		2022	2021	
Coal Business						
Cost of sales	2,259.98	1,189.69	89.96	3,896.58	2,309.47	68.72
Selling and administrative expenses	2,024.04	846.40	139.14	3,199.79	659.21	385.40
Financial expense	(1.19)	0.75	(260.40)	(6.46)	1.03	(727.18)
Corporate income tax	1,101.38	346.68	217.69	1,657.40	216.38	665.97
Ethanol Business						
Cost of sales	282.89	601.19	(52.94)	916.12	1,190.95	(23.08)
Selling and administrative expenses	50.20	22.26	125.52	72.42	20.83	247.67
Financial expense	10.79	9.74	10.79	21.09	8.88	137.50
Corporate income tax	(11.01)	(6.91)	(59.33)	(11.35)	6.62	(271.45)

COAL BUSINESS EXPENSES

(1) Coal business expenses of the Company and subsidiary companies in the 2nd quarter 2022 totaled Baht 5,384.21 million, which increased from the 2nd quarter 2021 by Baht 3,000.70 million or 125.89 percent, due to the following reasons:

(1.1) Cost of coal sales increased from the same period last year by Baht 1,070.29 million or 89.96 percent, due to the increase in coal sales volume and cost of coal sales per metric ton of 27.88 percent and 48.55 percent, respectively.

(1.2) Selling and administrative expenses increased from the same period last year by Baht 1,177.64 million or 139.14 percent due to the increase in royal fee payment in accordance with the increase in coal sales volume, which varies according to rising coal selling prices.

(1.3) Financial expense decreased from the same period last year by Baht 1.94 million or 260.40 percent due to the decrease in interest expense; and

(1.4) Corporate income tax increased from the same period last year by Baht 754.70 million or 217.69 percent due to the increase in profit.

(2) Coal business expenses of the Company and subsidiary companies in the first 6-month period of 2022 totaled Baht 8,747.31 million, which increased from the first 6-month period of 2021 by Baht 5,561.22 million or 174.55 percent, due to the following reasons:

(2.1) Cost of coal sales increased from the same period last year by Baht 1,587.11 million or 68.72 percent, due to the increase in coal sales volume and cost of coal sales per metric ton of 18.82 percent and 42 percent, respectively.

(2.2) Selling and administrative expenses increased from the same period last year by Baht 2,540.58 million or 385.40 percent due to the increase in royal fee payment in accordance with the increase in coal sales volume, which varies according to rising coal selling prices.

(2.3) Financial expense decreased from the same period last year by Baht 7.49 million or 727.18 percent due to the decrease in interest expense; and

(2.4) Corporate income tax increased from the same period last year by Baht 1,441.02 million or 665.97 percent due to the increase in profit.

ETHANOL BUSSINESS EXPENSES

(1) Ethanol business expenses of the subsidiary company in the 2nd quarter 2022 totaled Baht 332.86 million, which decreased from the 2nd quarter 2021 by Baht 293.41 million or 46.85 percent, due to the following reasons:

(1.1) Cost of ethanol sales decreased from the same period last year by Baht 318.30 million or 52.94 percent due to the decrease in ethanol sales volume as described above.

(1.2) Selling and administrative expenses increased from the same period last year by Baht 27.94 million or 125.52 percent. This was due to the transfer of expenses of the Production Line No. 1 to selling and administrative expenses since there was a shortage of raw materials, which had forced the subsidiary company to temporarily stop its ethanol production for the Production Line No. 1.

(1.3) Financial expense increased from the same period last year by Baht 1.05 million or 10.79 percent due to the increase in interest expense; and

(1.4) Corporate income tax decreased from the same period last year by Baht 4.10 million or 59.33 percent due to the decrease in profit.

(2) Ethanol business expenses of the subsidiary company in the first 6-month period of 2022 totaled Baht 998.28 million, which decreased from the first 6-month period of 2021 by Baht 229.00 million or 18.66 percent, due to the following reasons:

(2.1) Cost of ethanol sales decreased from the same period last year by Baht 274.83 million or 23.08 percent due to the decrease in ethanol sales volume and average ethanol selling price as described above.

(2.2) Selling and administrative expenses increased from the same period last year by Baht 51.59 million or 247.67 percent. This was due to the transfer of expenses of the Production Line No. 1 to selling and administrative expenses since there was a shortage of raw materials, which had forced the subsidiary company to temporarily stop its ethanol production for the Production Line No. 1.

(2.3) Financial expense increased from the same period last year by Baht 12.21 million or 137.50 percent due to the increase in interest expense; and

(2.4) Corporate income tax decreased from the same period last year by Baht 17.97 million or 271.45 percent due to the decrease in profit.

Gross Profit (Unit : Million Baht)	Coal Business		Ethanol Business		Total	
	Million Baht	%	Million Baht	%	Million Baht	%
2nd Quarter 2022 (April – June 2022)						
Revenues from sales	7,312.04	100.00	281.14	100.00	7,593.18	100.00
Less Cost of sales	2,259.98	30.91	282.89	100.62	2,542.87	33.49
Gross Profit	5,052.06	69.09	(1.75)	(0.62)	5,050.31	66.51
2nd Quarter 2021 (April – June 2021)						
Revenues from sales	2,904.71	100.00	582.89	100.00	3,487.60	100.00
Less Cost of sales	1,189.69	40.96	601.19	103.14	1,790.88	51.35
Gross Profit	1,715.02	59.04	(18.30)	(3.14)	1,696.72	48.65
First 6-Month Period of 2022 (January – June 2022)						
Revenues from sales	11,608.17	100.00	951.62	100.00	12,559.79	100.00
Less Cost of sales	3,896.58	33.57	916.12	96.27	4,812.70	38.32
Gross Profit	7,711.59	66.43	35.50	3.73	7,747.09	61.68
First 6-Month Period of 2021 (January – June 2021)						
Revenues from sales	5,242.94	100.00	1,265.92	100.00	6,508.86	100.00
Less Cost of sales	2,309.47	44.05	1,190.95	94.08	3,500.42	53.78
Gross Profit	2,933.47	55.95	74.97	5.92	3,008.44	46.22

GROSS PROFIT

(1) Gross profit of the Company and subsidiary companies in the 2nd quarter 2022 totaled Baht 5,050.31 million or 66.51 percent of the sales revenue, which increased from the 2nd quarter 2021 with the gross profit of Baht 1,696.72 million or 48.65 percent of the sales revenue, due to the following reasons:

(1.1) Gross profit from coal business in the 2nd quarter 2022 totaled Baht 5,052.06 million or 69.09 percent of the sales revenue, which increased from the 2nd quarter 2021 with gross profit of Baht 1,715.02 million or 59.04 percent of the sales revenue. This was due to the increase in average coal selling price of 96.85 percent but the average cost of coal sales increased by only 48.55 percent; and

(1.2) Gross loss from ethanol business in the 2nd quarter 2022 totaled Baht 1.75 million or 0.62 percent of the sales revenue, which decreased from the 2nd quarter 2021 with gross loss of Baht 18.30 million or 3.14 percent of the sales revenue. This was due to the increase in average ethanol selling price of 2.35 percent.

(2) Gross profit of the Company and subsidiary companies in the first 6-month period of 2022 totaled Baht 7,747.09 million or 61.68 percent of the sales revenue, which increased from the first 6-month period of 2021 with the gross profit of Baht 3,008.44 million or 46.22 percent of the sales revenue, due to the following reasons:

(2.1) Gross profit from coal business in the first 6-month period of 2022 totaled Baht 7,711.59 million or 66.43 percent of the sales revenue, which increased from the first 6-month period of 2021 with gross profit of Baht 2,933.47 million or 55.95 percent of the sales revenue. This was due to the increase in average coal selling price of 86.36 percent but the average cost of coal sales increased by only 42 percent; and

(2.2) Gross profit from ethanol business in the first 6-month period of 2022 totaled Baht 35.50 million or 3.73 percent of the sales revenue, which decreased from the first 6-month period of 2021 with gross profit of Baht 74.97 million or 5.92 percent of the sales revenue. This was due to the decrease in average ethanol selling price of 1.23 percent but the cost of ethanol sales increased by 1.02 percent due to the increase in molasses price of 4.69 percent, which is a major cost of ethanol production.

Net Profit (Unit: Million Baht)	2 nd Quarter (Apr. – Jun.)		Increase (Decrease) (%)	First 6-Month Period (Jan. – Jun.)		Increase (Decrease) (%)
	2022	2021		2022	2021	
Profit from Coal Business	1,163.27	342.84	239.31	1,749.15	554.95	215.19
Profit (Loss) from Ethanol Business	(26.23)	(21.86)	(20.02)	(23.65)	7.18	(429.39)
Share of income from associated company and other revenue	59.16	1.63	3,529.45	85.84	3.11	2,660.13
Net Profit	1,196.20	322.61	270.79	1,811.34	565.24	220.46
Net Earnings per Share (Baht per Share)	2.28	0.61	270.79	3.45	1.08	220.46
Remark: Registered par value of Baht 1 per share						

NET PROFIT

(1) The net profit of the Company and subsidiary companies in the 2nd quarter 2022 totaled Baht 1,196.20 million, which increased from the same period last year by Baht 873.60 million and net earnings per share was Baht 2.28 per share, which increased from the same period last year by Baht 1.67 per share or 270.79 percent, due to the following reasons:

(1.1) Net profit from coal business and wood pellet business derived from shareholding proportion of the Company in the 2nd quarter 2022 was Baht 1,163.27 million, which increased from the same period last year by Baht 820.44 million or 239.31 percent. This was due to the increase 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 2nd quarter 2022 was Baht 26.23 million, which decreased from the same period last year by Baht 4.37 million or 20.02 percent due to the decrease in ethanol sales volume as described above; and

(1.3) Share of income from associated companies totaled Baht 59.16 million, which increased from the same period last year by Baht 57.53 million or 3,529.45 percent due to the share of income from PT. Pesona Khatulistiwa Nusantara (“PKN”) of Baht 56.72 million, which is the associated company that the Company has acquired shares in PKN at 10 percent of the total number of paid-up shares on August 31, 2021.

(2) The net profit of the Company and subsidiary companies in the first 6-month period of 2022 totaled Baht 1,811.34 million, which increased from the same period last year by Baht 1,246.10 million and net earnings per share was Baht 3.45 per share, which increased from the same period last year by Baht 2.37 per share or 220.46 percent, due to the following reasons:

(2.1) Net profit from coal business and wood pellet business derived from shareholding proportion of the Company in the first 6-month period of 2022 was Baht 1,749.15 million, which increased from the same period last year by Baht 1,194.20 million or 215.19 percent. This was due to the increase in coal sales volume and average coal selling price as described above.

(2.2) Net loss from ethanol business derived from shareholding proportion of the Company in the first 6-month period of 2022 was Baht 23.65 million, which decreased from the same period last year by Baht 30.83 million or 429.39 percent due to the decrease in ethanol sales volume as described above; and

(2.3) Share of income from associated companies totaled Baht 85.84 million, which increased from the same period last year by Baht 82.73 million or 2,660.13 percent due to the share of income from PT. Pesona Khatulistiwa Nusantara ("PKN") of Baht 81.49 million, which is the associated company that the Company has acquired shares in PKN at 10 percent of the total number of paid-up shares on August 31, 2021.

EARNINGS EFFICIENCY

(1) EBITDA (Earnings before financial expenses, corporate income tax, depreciation and amortization) of the Company and subsidiary companies in the first 6-month period of 2022 was Baht 5,150.90 million, which increased from the same period last year by Baht 3,241.57 million or 169.77 percent and EBITDA margin was at 40.81 percent, which increased from the same period last year by over 39.96 percent.

(2) Net profit margin of the Company and subsidiary companies in the first 6-month period of 2022 was at 23.47 percent, which increased from the same period last year by 64.98 percent.

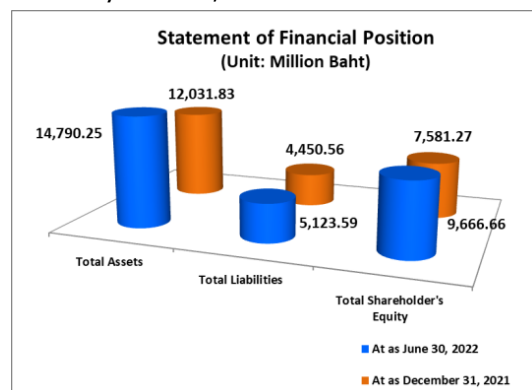
(3) Return on equity of the Company and subsidiary companies in the first 6-month period of 2022 was at 28.28 percent, which increased from the same period last year by 133.10 percent.

(4) Return on total assets of the Company and subsidiary companies in the first 6-month period of 2022 was at 22.09 percent, which increased from the same period last year by over 136.46 percent. The return on fixed assets in the first 6-month period of 2022 was at 83.06 percent, which increased from the same period last year by 171.63 percent.

STATEMENTS OF FINANCIAL POSITION

Description	Unit	As at June 30, 2022	As at December 31, 2021	Increase (Decrease)	%
Total Assets	Million Baht	14,790.25	12,031.83	2,758.42	22.93
Total Liabilities	Million Baht	5,123.59	4,450.56	673.03	15.12
Total Shareholders' Equity	Million Baht	9,666.66	7,581.27	2,085.39	27.51
Book Value	Baht per Share	13.57	10.83	2.74	25.30
Remark: Registered par value of Baht 1 per share					

ASSETS: The total assets of the Company and subsidiary companies as at June 30, 2022 was Baht 14,790.25 million, which increased from the end of year 2021 by Baht 2,758.42 million or 22.93 percent, due to (1) current assets increased by Baht 2,531.80 million or 41.03 percent, consisting of: (A) cash and cash equivalent increased by Baht 1,096.61 million or 40.39 percent; (B) trade accounts receivable and other accounts receivable increased by Baht 873.98 million or 52.46 percent; (C) inventories increased by Baht 503.54 million or 88.65 percent; and (D) other current assets most of which were prepaid corporate income tax, advance payment for goods, etc., increased by Baht 57.67 million or 4.56 percent; and (2) non-current assets increased by Baht 226.62 million or 3.87 percent.



LIABILITIES: The total liabilities of the Company and subsidiary companies as at June 30, 2022 was Baht 5,123.59 million, which increased from the end of year 2021 by Baht 673.03 million or 15.12 percent, due to (1) trade accounts payable and other accounts payable increased by Baht 348.33 million or 65.75 percent (2) accrued expenses, most of which were overburden removal expenses and freight cost, etc., increased by Baht 68.52 million or 4.29 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 201.25 million or 31.06 percent; and (4) short-term loan and long-term loan of the subsidiary companies increased by Baht 54.93 million or 3.28 percent.

TOTAL SHAREHOLDERS' EQUITY: The total shareholders' equity of the Company and subsidiary companies as at June 30, 2022 was Baht 9,666.66 million, which increased from the end of year 2021 by Baht 2,085.39 million or 27.51 percent, resulting in an increase of the share's book value from Baht 10.83 per share to Baht 13.57 per share, an increase of Baht 2.74 per share or 25.30 percent. This was due to (1) an increase in retained earnings of Baht 1,286.23 million or 29.46 percent due to the net profit and revised comprehensive income items of Baht 1,811.23 million, but there was a dividend payment of Baht 525 million (2) an increase in translation adjustment in financial of Baht 149.33 million or 129.67 percent; and (3) an increase in minority shareholders' equity of Baht 649.83 million or 34.31 percent.

CASH FLOWS

Description	Unit: Million Baht	
	2 nd Quarter 2022	2 nd Quarter 2021
Cash Flows from (used in) Operating Activities	2,521.27	971.55
Cash Flows from (used in) Investing Activities	(596.23)	(343.51)
Cash Flows from (used in) Financing Activities	(995.91)	(181.74)
Increase (Decrease) in Translation Adjustments in Financial	118.61	(1.92)
Net Increase (Decrease) in Cash	1,047.74	444.38
Cash at the beginning of the period	2,163.72	832.70
Cash at the end of the period	3,211.46	1,277.08

(1) The net cash from operating activities of the Company and subsidiary companies in the first 6-month period of 2022 totaled Baht 2,521.27 million, consisting of (A) income before corporate income tax and interest expense of Baht 4,609.14 million (B) transactions that did not affect the cash such as depreciation and amortization of assets, most of which were mostly transactions concerning coal mining operations of the subsidiary companies in Indonesia of Baht 485.63 million (C) an increase in operating assets of Baht 1,380.61 million (D) an increase in operating liabilities of Baht 482.90 million (E) interest received of Baht 13.32 million; and (F) a net increase in interest expenses and taxes of Baht 1,689.11 million.

(2) The net cash used in investing activities of the Company and subsidiary companies in the first 6-month period of 2022 totaled Baht 596.23 million, consisting of (A) properties, buildings and equipment, most of which were wood pellet production plant of the subsidiary company increased by Baht 139.04 million (B) an increase in expenses of coal mine projects of subsidiary companies in Indonesia of Baht 421.28 million (C) short-term capital investment and other items increased by Baht 44.49 million; and (D) dividend income of Baht 8.58 million; and

(3) The net cash used in financing activities of the Company and subsidiary companies in the first 6-month period of 2022 totaled Baht 995.91 million, consisting of (A) an increase in loan of Baht 31.02 million (B) dividend payment of Baht 1,119.55 million; and (C) a decrease in minority shareholders' equity of Baht 92.62 million.

ASSET MANAGEMENT CAPABILITY

(1) The trade accounts receivable and other accounts receivable of the Company and subsidiary companies as at June 30, 2022 were 17.17 percent of total assets.

(2) Inventory of the Company and subsidiary companies as at June 30, 2022 was 6.96 percent of total assets.

(3) The Company's goodwill incurred from investment in the subsidiary company as at June 30, 2022 accounted for 1.26 percent of total assets.

LIQUIDITY AND SUFFICIENCY OF CAPITAL

(1) The total debt-to-equity ratio of the Company and subsidiary companies as at June 30, 2022 was as low as 0.53:1 with appropriate capital structure. The Company has cash generation and credit facilities sufficient for future investment projects.

(2) The current ratio and the quick ratio of the Company and subsidiary companies as at June 30, 2022 were as high as 2.27 times and 1.65 times, respectively. In addition, the Company and subsidiary companies have sufficient credit facilities for future working capital.

(3) The cash cycle of the Company and subsidiary companies in the first 6-month period of 2022 was 36 days, which decreased from the previous year by 1 day. The average debt collection period was at 29 days, which decreased from the previous year by 6 days. The average inventory turnover was at 29 days, which increased from the previous year by 4 days but the average debt repayment period was at 22 days, which decreased from the previous year by 1 day.

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 June 30, 2022, the abovementioned subsidiary company is unable to maintain the DSCR as required by the contractual obligation of the loan. Nevertheless, on May 19, 2022, the lending bank has issued a waiver letter regarding such conditions.

(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, DSCR, 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 continue to rise as many countries have started relaxing lockdown restrictions and beginning to open up as the COVID-19 pandemic situation has improved, which has brought the economy back to normal, resulting in an increase in energy demand, as well as the prolonged Russo-Ukrainian war led to a rise in energy prices. Moreover, China still bans Australian coal imports, causing the price of coal to rise. It is expected that the operating results of the Company and subsidiary companies in year 2022 will continue to be profitable. In this regard, the Company and subsidiary companies place importance on strict compliance with laws and regulations so not to affect its business operations and coal exports in the future.

Ethanol Business: It is anticipated that in the 3rd quarter 2022, after the government has reopened the country and relaxed travel measures to Thailand in order for people to get back to their normal lives, and in this regard, the demand for fuel is expected to increase, which should result in an increase in ethanol selling price.

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 2022 are expected to continue to be profitable as the energy business has clearly recovered in line with the overall macroeconomic situation.
