

Ref. No. 1165/54E

November 11, 2022

Subject: Clarification on the Operating Results in the 3rd Quarter 2022 and the First 9-Month Period of 2022

Attn: President

The Stock Exchange of Thailand

The Company wishes to report on the Company's operating results in the 3rd quarter 2022 and the first 9-month period of 2022, having details as follows:

(1) Net profit of the Company and subsidiary companies in the 3rd quarter 2022 totaled Baht 710.90 million, which increased from the same period last year by Baht 31.00 million and net earnings per share was Baht 1.35 per share, which increased from the same period last year by Baht 0.05 per share or 4.56 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 3rd quarter 2022 was Baht 666.85 million, which slightly decreased from same period last year by Baht 1.45 million or 0.22 percent. This was due to the decrease in foreign exchange gain.

(1.2) Net loss from ethanol business derived from shareholding proportion of the Company in the 3rd quarter 2022 was Baht 13.08 million, which decreased from the same period last year by Baht 1.02 million or 7.20 percent. Despite the increase in ethanol sales volume and average ethanol selling price of 6.85 percent and 8.97 percent, respectively, but there was still a loss incurred from a shortage of raw material that caused the Production Line No. 1 to be temporarily stopped; and

(1.3) Share of income from associated companies totaled Baht 57.13 million, which increased from the same period last year by Baht 31.43 million or 122.30 percent due to the share of income from PT. Pesona Khatulistiwa Nusantara ("PKN") of Baht 54.82 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 the first 9-month period of 2022 totaled Baht 2,522.24 million, which increased from the same period last year by Baht 1,277.10 million and net earnings per share was Baht 4.80 per share, which increased from the same period last year by Baht 2.43 per share or 102.57 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 9-month period of 2022 was Baht 2,416.00 million, which increased from the same period last year by Baht 1,192.76 million or 97.51 percent. This was due to the increase in coal sales volume and average coal selling price from the same period last year of 16.67 and 62.35 percent, respectively.

(2.2) Net loss from ethanol business derived from shareholding proportion of the Company in the first 9-month period of 2022 was Baht 36.73 million, which increased from the same period last year by Baht 29.82 million or 431.55 percent. This was due to the decrease in ethanol sales volume of 15.58 percent since there was a shortage of raw material that caused the Production Line No. 1 to be temporarily stopped; and

(2.3) Share of income from associated companies totaled Baht 142.97 million, which increased from the same period last year by Baht 114.16 million or 396.25 percent due to the share of income from PT. Pesona Khatulistiwa Nusantara ("PKN") of Baht 136.30 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

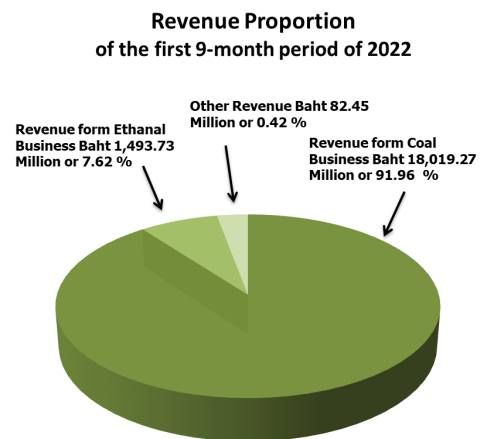
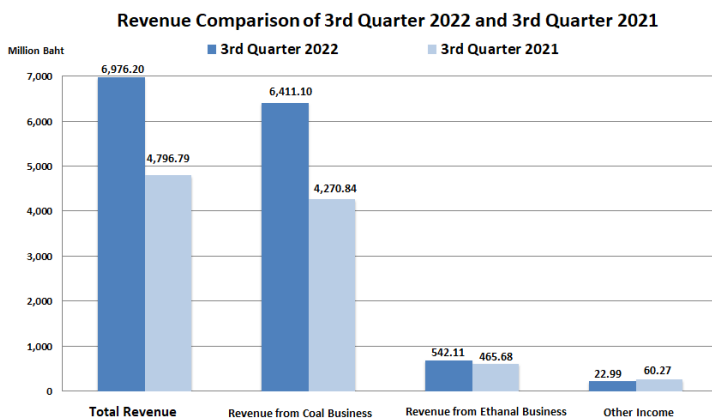
(Mrs. Petcharat Chayanon)
Chief Officer – Accounting and Finance

MANAGEMENT DISCUSSION AND ANALYSIS

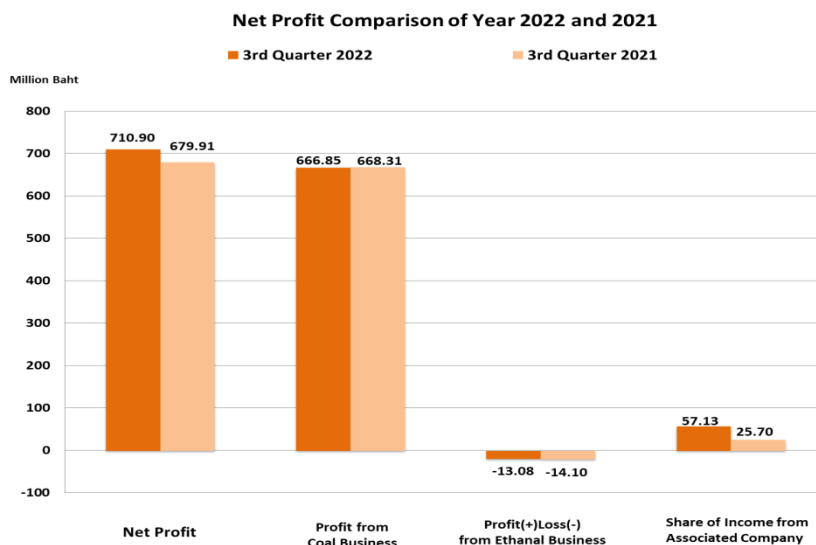
(For the Consolidated Financial Statements of the 3rd quarter 2022 and the first 9-month period of 2022)

OVERALL OPERATING RESULTS

The total revenue of the Company and subsidiary companies in the 3rd quarter 2022 and the first 9-month period of 2022 were Baht 6,976.20 million and Baht 19,595.45 million, which increased from the same period last year by Baht 2,179.41 million and Baht 8,255.57 million or 45.43 percent and 72.80 percent. The revenue proportion from coal business, ethanol business and other income in the first 9-month period of 2022 accounted for 91.96 percent, 7.62 percent and 0.42 percent, respectively.



The net profit of the Company and subsidiary companies in the 3rd quarter 2022 and the first 9-month period of 2022 totaled Baht 710.90 million and Baht 2,522.24 million or Baht 1.35 and 4.80 per share, which increased from the same period last year by Baht 31.00 million and Baht 1,277.10 million or Baht 0.05 and 2.43 per share, accounted for 4.56 percent and 102.57 percent, respectively, which is the highest net profit the Company has recorded since its establishment in 1985, with the net profit margin of 20.83 percent, the EBITDA margin of 36.73 percent, and the return on equity of 38.82 percent.



The overall financial position and liquidity of the Company and subsidiary companies as at September 30, 2022 were considered excellent. The current ratio was as high as 2.20 times and the quick ratio was at 1.67 times and the total debt to total assets ratio was only 35.14 percent with debt to equity ratio of only 54.19 percent.

Operating Results of the Coal Business or the Core Business: The Company and subsidiary companies had total revenue from coal business in the 3rd quarter 2022 and the first 9-month period of 2022 of Baht 6,411.10 million and Baht 18,019.27 million, which increased from the same period last year by Baht 2,140.26 million and Baht 8,505.50 million or 50.11 percent and 89.40 percent, due to the increase in coal sales volume from the same period last year of 12.99 percent and 16.67 percent and the increase in average coal selling price from the same period last year of 32.86 percent and 62.35 percent, respectively. The net profit derived from shareholding proportion of the Company in the 3rd quarter 2022 were Baht 666.85 million, slightly decreased from the same period last year by Baht 1.45 million or 0.22 percent, and the net profit derived from shareholding proportion of the Company in the first 9-month period of 2022 were Baht 2,416.00, which increased from the same period last year by Baht 1,192.76 million or 97.51 percent. Currently, coal prices remain high as the war between Russia and Ukraine is energy prices to increase and increased 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, other countries such as Korea, Japan, India have planned to increase coal stocks for winter 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 3rd quarter 2022 of Baht 542.11 million, which increased from the same period last year by Baht 76.43 million or 16.41 percent, due to increase in ethanol sales volume and average ethanol selling price in the 3rd quarter 2022 of 6.85 percent and 8.97 percent, respectively. The net loss derived from shareholding proportion of the Company in the 3rd quarter 2022 was Baht 13.08 million, which decreased from the same period last year by Baht 1.02 million or 7.20 percent. This was due to the small decrease of 0.46 percent in molasses price, which is the main raw material for ethanol production. The Company and subsidiary company had total revenue from ethanol business in the first 9-month period of 2022 of Baht 1,493.73 million, which decreased from the same period last year by Baht 237.87 million or 13.74 percent. This was due to the decrease in ethanol sales volume from the same period last year of 15.58 percent, despite the increase in average ethanol selling price of 2.23 percent. The net loss derived from shareholding proportion of the Company in first 9-month period of 2022 was Baht 36.73 million, which increased from the same period last year by Baht 29.82 million or 431.55 percent. However, the 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)	3 rd Quarter (Jul. – Sep.)		Increase (Decrease) (%)	First 9-Month Period (Jan. – Sep.)		Increase (Decrease) (%)
	2022	2021		2022	2021	
Revenue from Coal Sales	6,411.10	4,270.84	50.11	18,019.27	9,513.77	89.40
Revenue from Ethanol Sales	542.11	465.68	16.41	1,493.73	1,731.60	(13.74)
Other Income	22.99	60.27	(61.85)	82.45	94.51	(12.76)
Total Revenue	6,976.20	4,796.79	45.43	19,595.45	11,339.88	72.80

REVENUE:

(1) Revenue of the Company and subsidiary companies in the 3rd quarter 2022 totaled Baht 6,976.20 million, which increased from the same period last year by Baht 2,179.41 million or 45.43 percent due to the following reasons:

(1.1) Revenue from coal business, which is the core business, was Baht 6,411.10 million, which increased from the 3rd quarter 2021 by Baht 2,140.26 million or 50.11 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 542.11 million, which increased from the 3rd quarter 2021 by Baht 76.43 million or 16.41 percent. This was due to the increase in ethanol sales volume and average ethanol selling price as described above; and

(1.3) Other income totaled Baht 22.99 million, which decreased from the same period last year by Baht 37.28 million or 61.85 percent. This was due to the decrease in foreign exchange gain.

(2) Revenue of the Company and subsidiary companies in the first 9-month period of 2022 totaled Baht 19,595.45 million, which increased from the same period last year by Baht 8,255.57 million or 72.80 percent due to the following reasons:

(2.1) Revenue from coal business, which is the core business, was Baht 18,019.27 million, which increased from the first 9-month period of 2021 by Baht 8,505.50 million or 89.40 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 1,493.73 million, which decreased from the first 9-month period of 2021 by Baht 237.87 million or 13.74 percent. Due to the shortage of raw material, the ethanol sales volume and average ethanol selling price decreased as described above; and

(2.3) Other income totaled Baht 82.45 million, which decreased from the same period last year by Baht 12.06 million or 12.76 percent. This was due to the decrease in foreign exchange gain.

Expenses (Unit : Million Baht)	3 rd Quarter (Jul. – Sep.)		Increase (Decrease) (%)	First 9-Month Period (Jan. – Sep.)		Increase (Decrease) (%)
	2022	2021		2022	2021	
Coal Business						
Cost of sales	2,597.15	1,583.27	64.04	6,493.73	3,892.75	66.82
Selling and administrative expenses	2,141.76	1,055.40	102.93	5,337.97	2,543.16	109.90
Financial expense	(4.60)	1.58	(391.14)	(11.06)	3.36	(429.17)
Corporate income tax	612.93	575.38	6.53	2,270.32	1,138.44	99.42
Ethanol Business						
Cost of sales	522.80	452.72	15.48	1,438.92	1,643.66	(12.46)
Selling and administrative expenses	40.80	30.00	36.00	113.22	73.06	54.97
Financial expense	10.96	9.11	20.31	32.05	27.73	15.58
Corporate income tax	(6.34)	1.53	(514.38)	(17.69)	1.24	(1,526.61)

COAL BUSINESS EXPENSES

(1) Coal business expenses of the Company and subsidiary companies in the 3rd quarter 2022 totaled Baht 5,347.24 million, which increased from the 3rd quarter 2021 by Baht 2,131.61 million or 66.29 percent, due to the following reasons:

(1.1) Cost of coal sales increased from the same period last year by Baht 1,013.88 million or 64.04 percent, due to the increase in coal sales volume and cost of coal sales per metric ton of 12.99 percent and 45.18 percent, respectively.

(1.2) Selling and administrative expenses increased from the same period last year by Baht 1,086.36 million or 102.93 percent due to the increase in royalty 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 6.18 million or 391.14 percent due to the decrease in interest expense; and

(1.4) Corporate income tax increased from the same period last year by Baht 37.55 million or 6.53 percent, despite a slight decrease in profit from the same period last year but the Thai baht depreciated against the US dollar by 12 percent compared to the same period last year, resulting in an increase in corporate income tax.

(2) Coal business expenses of the Company and subsidiary companies in the first 9-month period of 2022 totaled Baht 14,090.96 million, which increased from the first 9-month period of 2021 by Baht 6,513.25 million or 85.95 percent, due to the following reasons:

(2.1) Cost of coal sales increased from the same period last year by Baht 2,600.98 million or 66.82 percent, due to the increase in coal sales volume and cost of coal sales per metric ton of 16.67 percent and 42.98 percent, respectively.

(2.2) Selling and administrative expenses increased from the same period last year by Baht 2,794.81 million or 109.90 percent due to the increase in royalty 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 14.42 million or 429.17 percent due to the decrease in interest expense; and

(2.4) Corporate income tax increased from the same period last year by Baht 1,131.88 million or 99.42 percent due to the increase in profit.

ETHANOL BUSINESS EXPENSES

(1) Ethanol business expenses of the subsidiary company in the 3rd quarter 2022 totaled Baht 568.22 million, which increased from the 3rd quarter 2021 by Baht 74.86 million or 15.17 percent, due to the following reasons:

(1.1) Cost of ethanol sales increased from the same period last year by Baht 70.08 million or 15.48 percent due to the increase in ethanol sales volume and average cost of ethanol sales per liter of 6.85 percent and 8.08 percent, respectively.

(1.2) Selling and administrative expenses increased from the same period last year by Baht 10.80 million or 36.00 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 caused a temporary stop in ethanol production for the Production Line No. 1.

(1.3) Financial expense increased from the same period last year by Baht 1.85 million or 20.31 percent due to the increase in interest expense; and

(1.4) Corporate income tax decreased from the same period last year by Baht 7.87 million or 514.38 percent due to the decrease in profit.

(2) Ethanol business expenses of the subsidiary company in the first 9-month period of 2022 totaled Baht 1,566.50 million, which decreased from the first 9-month period of 2021 by Baht 179.19 million or 10.26 percent, due to the following reasons:

(2.1) Cost of ethanol sales decreased from the same period last year by Baht 204.74 million or 12.46 percent. This was due to the decrease in ethanol sales volume of 15.58 percent, and the increase in average cost of ethanol sales of 3.68 percent due to the increase in molasses price as described above.

(2.2) Selling and administrative expenses increased from the same period last year by Baht 40.16 million or 54.97 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 caused a temporary stop in ethanol production for the Production Line No. 1.

(2.3) Financial expense increased from the same period last year by Baht 4.32 million or 15.58 percent due to the increase in interest expense; and

(2.4) Corporate income tax decreased from the same period last year by Baht 18.93 million or 1,526.61 percent due to the decrease in profit.

Gross Profit (Unit : Million Baht)	Coal Business		Ethanol Business		Total	
	Million Baht	%	Million Baht	%	Million Baht	%
3rd Quarter 2022 (July – September 2022)						
Revenues from sales	6,411.10	100.00	542.11	100.00	6,953.21	100.00
Less Cost of sales	2,597.15	40.51	522.80	96.44	3,119.95	44.87
Gross Profit	3,813.95	59.49	19.31	3.56	3,833.26	55.13
3rd Quarter 2021 (July – September 2021)						
Revenues from sales	4,270.84	100.00	465.68	100.00	4,736.52	100.00
Less Cost of sales	1,583.27	37.07	452.72	97.22	2,035.99	42.98
Gross Profit	2,687.57	62.93	12.96	2.78	2,700.53	57.02
First 9-Month Period of 2022 (January – September 2022)						
Revenues from sales	18,019.27	100.00	1,493.73	100.00	19,513.00	100.00
Less Cost of sales	6,493.73	36.04	1,438.92	96.33	7,932.65	40.65
Gross Profit	11,525.54	63.96	54.81	3.67	11,580.35	59.35
First 9-Month Period of 2021 (January – September 2021)						
Revenues from sales	9,513.77	100.00	1,731.60	100.00	11,245.37	100.00
Less Cost of sales	3,892.75	40.92	1,643.66	94.92	5,536.41	49.23
Gross Profit	5,621.02	59.08	87.94	5.08	5,708.96	50.77

GROSS PROFIT

(1) Gross profit of the Company and subsidiary companies in the 3rd quarter 2022 accounted for 55.13 percent of the sales revenue, which decreased from the 3rd quarter 2021 with the gross profit of 57.02 percent of the sales revenue, due to the following reasons:

(1.1) Gross profit from coal business in the 3rd quarter 2022 accounted for 59.49 percent of the sales revenue, which decreased from the 3rd quarter 2021 with gross profit of 62.93 percent of the sales revenue. This was due to the increase in average coal selling price of only 32.86 percent but the average cost of coal sales increased by over 45.18 percent; and

(1.2) Gross profit from ethanol business in the 3rd quarter 2022 accounted for 3.56 percent of the sales revenue, which increased from the 3rd quarter 2021 with gross profit of 2.78 percent of the sales revenue. This was due to the increase in average ethanol selling price of 8.97 percent but the cost of ethanol sales increased by only 8.08 percent.

(2) Gross profit of the Company and subsidiary companies in the first 9-month period of 2022 accounted for 59.35 percent of the sales revenue, which increased from the first 9-month period of 2021 with the gross profit of 50.77 percent of the sales revenue, due to the following reasons:

(2.1) Gross profit from coal business in the first 9-month period of 2022 accounted for 63.96 percent of the sales revenue, which increased from the first 9-month period of 2021 with gross profit of 59.08 percent of the sales revenue. This was due to the increase in average coal selling price of over 62.35 percent but the average cost of coal sales increased by only 42.98 percent; and

(2.2) Gross profit from ethanol business in the first 9-month period of 2022 accounted for 3.67 percent of the sales revenue, which decreased from the first 9-month period of 2021 with gross profit of 5.08 percent of the sales revenue. This was due to the increase in average ethanol selling price of 2.23 percent but the cost of ethanol sales increased by over 3.68 percent due to the increase in molasses price of 3.94 percent, which is a major cost of ethanol production.

Net Profit (Unit: Million Baht)	3 rd Quarter (Jul. - Sep.)		Increase (Decrease) (%)	First 9-Month Period (Jan. - Sep.)		Increase (Decrease) (%)
	2022	2021		2022	2021	
Profit from Coal Business	666.85	668.31	(0.22)	2,416.00	1,223.24	97.51
Profit (Loss) from Ethanol Business	(13.08)	(14.10)	7.20	(36.73)	(6.91)	431.55
Share of income from associated company and other revenue	57.13	25.70	122.30	142.97	28.81	396.25
Net Profit	710.90	679.91	4.56	2,522.24	1,245.14	102.57
Net Earnings per Share (Baht per Share)	1.35	1.30	4.56	4.80	2.37	102.57
Remark: Registered par value of Baht 1 per share						

NET PROFIT

(1) The net profit of the Company and subsidiary companies in the 3rd quarter 2022 totaled Baht 710.90 million, which increased from the same period last year by Baht 31.00 million and net earnings per share was Baht 1.35 per share, which increased from the same period last year by Baht 0.05 per share or 4.56 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 3rd quarter 2022 was Baht 666.85 million, which decreased from the same period last year by Baht 1.45 million or 0.22 percent. Despite the increase in coal sales volume and average coal selling price, but the foreign exchange gain decreased by Baht 28.96 million.

(1.2) Net loss from ethanol business derived from shareholding proportion of the Company in the 3rd quarter 2022 was Baht 13.08 million, which decreased from the same period last year by Baht 1.02 million or 7.20 percent. Despite the increase in ethanol sales volume and average ethanol selling price, but there was a loss incurred from raw material shortage as described above; and

(1.3) Share of income from associated companies totaled Baht 57.13 million, which increased from the same period last year by Baht 31.43 million or 122.30 percent due to the share of income from PT. Pesona Khatulistiwa Nusantara ("PKN") of Baht 54.82 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 9-month period of 2022 totaled Baht 2,522.24 million, which increased from the same period last year by Baht 1,277.10 million and net earnings per share was Baht 4.80 per share, which increased from the same period last year by Baht 2.43 per share or 102.57 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 9-month period of 2022 was Baht 2,416.00 million, which increased from the same period last year by Baht 1,192.76 million or 97.51 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 9-month period of 2022 was Baht 36.73 million, which increased from the same period last year by Baht 29.82 million or 431.55 percent due to the decrease in ethanol sales volume as described above; and

(2.3) Share of income from associated companies totaled Baht 142.97 million, which increased from the same period last year by Baht 114.16 million or 396.25 percent due to the share of income from PT. Pesona Khatulistiwa Nusantara ("PKN") of Baht 136.30 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 9-month period of 2022 was Baht 7,197.34 million, which increased from the same period last year by Baht 3,262.90 million or 82.93 percent and EBITDA margin was at 36.73 percent, which increased from the same period last year by over 5.86 percent.

(2) Net profit margin of the Company and subsidiary companies in the first 9-month period of 2022 was at 20.83 percent, which increased from the same period last year by 15.47 percent.

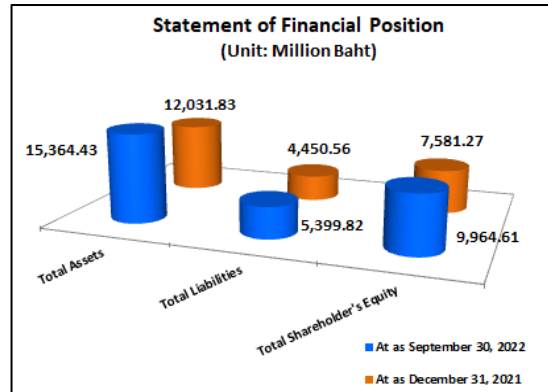
(3) Return on equity of the Company and subsidiary companies in the first 9-month period of 2022 was at 38.82 percent, which increased from the same period last year by 57.53 percent.

(4) Return on total assets and the return on fixed assets of the Company and subsidiary companies in the first 9-month period of 2022 were at 29.79 percent and 116.15 percent, which increased from the same period last year by over 55.64 percent and 82.14 percent.

STATEMENTS OF FINANCIAL POSITION

Description	Unit	As at September 30, 2022	As at December 31, 2021	Increase (Decrease)	%
Total Assets	Million Baht	15,364.43	12,031.83	3,332.60	27.70
Total Liabilities	Million Baht	5,399.82	4,450.56	949.26	21.33
Total Shareholders' Equity	Million Baht	9,964.61	7,581.27	2,383.34	31.44
Book Value	Baht per Share	13.92	10.83	3.09	28.53
Remark: Registered par value of Baht 1 per share					

ASSETS: The total assets of the Company and subsidiary companies as at September 30, 2022 was Baht 15,364.43 million, which increased from the end of year 2021 by Baht 3,332.60 million or 27.70 percent, due to (1) current assets increased by Baht 2,894.69 million or 46.92 percent, consisting of: (A) cash and cash equivalent increased by Baht 1,376.93 million or 50.72 percent; (B) trade accounts receivable and other accounts receivable increased by Baht 1,165.38 million or 69.95 percent; (C) inventories increased by Baht 319.69 million or 60.83 percent; and (D) other current assets most of which were prepaid corporate income tax, advance payment for goods, etc., increased by Baht 32.69 million or 2.59 percent; and (2) non-current assets increased by Baht 437.91 million or 7.47 percent.



LIABILITIES: The total liabilities of the Company and subsidiary companies as at September 30, 2022 was Baht 5,399.82 million, which increased from the end of year 2021 by Baht 949.26 million or 21.33 percent, due to (1) trade accounts payable and other accounts payable increased by Baht 377.82 million or 71.31 percent (2) accrued expenses, most of which were overburden removal expenses and freight cost, etc., increased by Baht 450.59 million or 28.19 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 230.16 million or 35.52 percent; and (4) short-term loan and long-term loan of the subsidiary companies decreased by Baht 109.31 million or 6.53 percent.

TOTAL SHAREHOLDERS' EQUITY: The total shareholders' equity of the Company and subsidiary companies as at September 30, 2022 was Baht 9,964.61 million, which increased from the end of year 2021 by Baht 2,383.34 million or 31.44 percent, resulting in an increase of the share's book value from Baht 10.83 per share to Baht 13.92 per share, an increase of Baht 3.09 per share or 28.53 percent. This was due to (1) an increase in retained earnings of Baht 1,235.88 million or 28.30 percent due to the net profit and revised comprehensive income items of Baht 2,522.13 million, but there was a dividend payment of Baht 1,286.25 million (2) an increase in translation adjustment in financial of Baht 383.05 million or 332.62 percent; and (3) an increase in minority shareholders' equity of Baht 764.41 million or 40.36 percent.

CASH FLOWS

Description	Unit: Million Baht	
	3 rd Quarter 2022	3 rd Quarter 2021
Cash Flows from (used in) Operating Activities	4,104.63	2,179.59
Cash Flows from (used in) Investing Activities	(745.99)	(621.47)
Cash Flows from (used in) Financing Activities	(2,229.91)	(579.26)
Increase (Decrease) in Translation Adjustments in Financial	349.23	41.37
Net Increase (Decrease) in Cash	1,477.96	1,020.23
Cash at the beginning of the period	2,163.72	832.70
Cash at the end of the period	3,641.68	1,852.93

(1) The net cash from operating activities of the Company and subsidiary companies in the first 9-month period of 2022 totaled Baht 4,104.63 million, consisting of (A) income before corporate income tax and interest expense of Baht 6,333.60 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 787.86 million (C) an increase in operating assets of Baht 1,470.23 million (D) an increase in operating liabilities of Baht 694.27 million (E) interest received of Baht 19.08 million; and (F) a net increase in interest expenses and taxes of Baht 2,259.95 million.

(2) The net cash used in investing activities of the Company and subsidiary companies in the first 9-month period of 2022 totaled Baht 745.99 million, consisting of (A) properties, buildings and equipment, most of which were wood pellet production plant of the subsidiary company increased by Baht 255.26 million (B) an increase in expenses of coal mine projects of subsidiary companies in Indonesia of Baht 625.27 million (C) short-term capital investment and other items decreased by Baht 107.34 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 9-month period of 2022 totaled Baht 2,229.91 million, consisting of (A) a decrease in loan of Baht 149.35 million (B) dividend payment of Baht 2,317.28 million; and (C) an increase in minority shareholders' equity of Baht 236.72 million.

ASSET MANAGEMENT CAPABILITY

(1) The trade accounts receivable and other accounts receivable of the Company and subsidiary companies as at September 30, 2022 were 18.43 percent of total assets.

(2) Inventory of the Company and subsidiary companies as at September 30, 2022 was 5.50 percent of total assets.

(3) The Company's goodwill incurred from investment in the subsidiary company as at September 30, 2022 accounted for 1.21 percent of total assets.

LIQUIDITY AND SUFFICIENCY OF CAPITAL

(1) The total debt-to-equity ratio of the Company and subsidiary companies as at September 30, 2022 was as low as 0.54:1 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 September 30, 2022 were as high as 2.20 times and 1.67 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 9-month period of 2022 was 33 days, which decreased from the same period last year by 8 days. The average debt collection period was at 30 days, which decreased from the same period last year by 7 days. The average inventory turnover was at 23 days, which decreased from the same period last year by 3 days but the average debt repayment period was at 20 days, which decreased from the same period last year by 2 days.

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 September 30, 2022, the abovementioned subsidiary company is unable to maintain the DSCR as required by the contractual obligation of the loan. Nevertheless, the lending bank has issued a waiver letter regarding such conditions on August 3, 2022.

(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 begun 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. In addition, during the 4th quarter 2022, as many countries enter the winter season and have plans to increase coal stocks to support the increasing demand for energy, resulting in the increase in coal prices. 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 4th 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.