

Management Discussion and Analysis Q1/2024

Executive Summary

The operational results of the company for Q1/2024, according to the consolidated financial statements, showed a net profit of 11.20 million baht, an increase of 6.39 million baht or 132.8% compared to the same period of the previous year. The main reason for this growth was the significant increase in revenues, particularly from the sales of granite from Nong Kha Quarry and from dolomite, as well as from other income from the sale of the last batch of dump trucks. The company has transitioned to utilizing outsourced transportation services, resulting in more cost control and operational effectiveness. The company's earnings before interest, taxes, depreciation, and amortization (EBITDA) for this quarter amounted to 27.08 million baht, an increase of 8.19 million baht or 43.3% from the same period of the previous year. The earnings per share for Q1/2024 was 0.05 baht/share, compared to 0.02 baht/share in Q1/2023.

Significant Event of Q1/2024

In March 2024 the company increased the capital in its subsidiary, Ratchaburi Enterprises Limited (“RBE”), which operates the production of limestone and dolomite in Chom Bueng quarry, Ratchaburi province, by 36 million baht, raising the registered capital from 174 million baht to 210 million baht. This adjustment aims to optimize the capital structure and enhance the subsidiary's working capital for supporting the sales expansion especially Dolomite Powder. Following the capital increase, the company's shareholding proportion in the subsidiary remains unchanged at 99.99%.

Operation Performance according to Consolidated Financial Statement

Income Statement (Unit : '000 Baht)	Q1/2023	Q1/2024	Inc /(Dec)	%
Revenue				
Revenue from sales	60,628	90,051	29,423	48.5%
Revenue from services	2,974	3,717	743	25.0%
Revenue from sales of by-products	7,416	8,501	1,085	14.6%
Other income	1,068	7,635	6,566	614.6%
Total revenue	72,086	109,903	37,818	52.5%
Expenses				
Cost of sales & services	48,045	73,312	25,267	52.6%
Gross profit	15,557	20,456	4,899	31.5%
Selling and administrative expenses	17,270	21,874	4,604	26.7%
Total expenses	65,314	95,186	29,871	45.7%
Earning before interest and taxes	6,772	14,718	7,946	117.3%
Finance cost	593	604	11	1.8%
Income tax expenses	1,366	2,909	1,543	113.0%
Net profit	4,812	11,205	6,392	132.8%
EBITDA	18,893	27,082	8,189	43.3%

Total revenues in Q1/2024, the company achieved total revenue of 109.90 million baht, marking a substantial 52.5% increase compared to Q1/2023. This remarkable growth was driven by sales of main products, which increased by 29.42 million baht or 48.5%, especially revenue from sales generated from 20mm-granite, which realized revenue over a three-month period. In contrast, in Q1/2023, revenue from granite sales was recognized for only about 1.5 months

due to production resuming in mid-February 2023. Additionally, there was a significant increase in revenue from dolomite products, both from dolomite lump and the expansion brought by dolomite powder—a new product line launched from Q2/2023 onwards. The revenue distribution by product group for Q1/2024 is as follows: limestone: granite: dolomite at 43%: 37%: 20%, respectively. This represents a change from Q1/2023, where the distribution was limestone: granite: dolomite at 70.0%: 24.0%: 6.0%, respectively.

Revenue from services stem from logistics services facilitated through outsourced providers. In Q1/2024, service revenues reached 3.72 million baht, an increase of 0.74 million baht YoY due to the transportation of dolomite powder to customers.

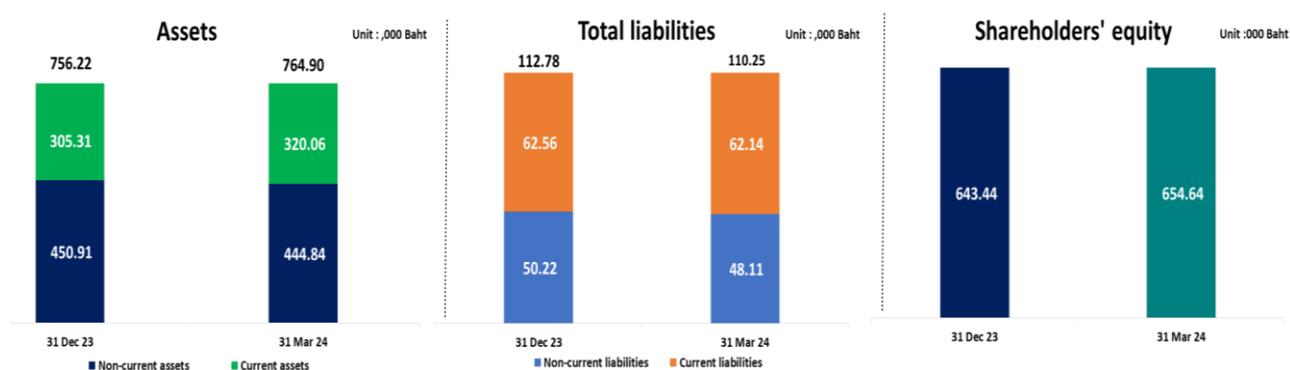
Other income consists of revenue from the sales of by-products, which are mining products from granite and limestone, such as Dust stone, RBB stone, RBC stone, etc. By-product revenue in Q1/2024 amounted to 8.50 million baht, increasing by 1.08 million baht or 14.6% YoY and other income from the disposal of assets which was recorded at 7.63 million baht in Q1/2024, an increase of 6.57 million baht YoY. The primary reason was the sale of the last batch of dump trucks as part of the business strategy to utilize outsourced transportation services. This led to the recognition of a one-time gain from the sale of fixed assets, amounting to 6.07 million baht.

Cost of sales and services in Q1/2024 surged to 73.31 million baht, reflecting a substantial 52.6% increase YoY, mainly due to the expansion of production and sales volumes, which aligns with revenue growth. Another significant contributing factor was the escalation in staff costs, driven by bonus payment in Q1/2024, in contrast to the absence of such payments in Q1/2023. Despite these challenges, the gross profit for Q1/2024 stood at 20.46 million baht, growing by 4.9 million baht YoY with gross profit margin of 21.82% in Q1/2024.

Selling and administrative expenses in Q1/2024 totaled 21.87 million baht, representing an increase of 4.60 million baht or 26.7% YoY. This increase was mainly due to employee expenses related to the bonus payment in the quarter, which were not present in Q1/2023. Furthermore, other administrative expenses rose in line with the growth in sales volume.

Net profit in Q1/2024 was recorded at 11.20 million baht, an increase of 6.39 million baht or 132.8% YoY. Net profit margin in Q1/2024 was 10.19% increase 3.52% from Q1/2023.

Analysis of Statement of Financial Position



Assets

As of March 31, 2024, the company's total assets amounted to 764.90 million baht, rising from December 31, 2023, by 8.68 million baht due to current assets grew by 14.74 million baht or 4.8%. The primary cause was the surge in trade receivables amounting to 19.67 million baht resulting from increased sales revenue in 20mm-granite and dolomite products. Moreover, the reduction of inventory in Q1/2024 amounting to 4.33 million baht was due to increased sales of granite and dolomite, which released the inventory stocks.

Non-current assets decreased by 6.07 million baht or 1.3% resulting from a decrease in property, plant & equipment, and Right-of-used assets by 4.76 million baht. Additionally, intangible assets, deferred excavation costs, deferred mine rehabilitation costs, deferred tax assets etc. decreased by 1.3 million baht.

Liabilities and Equity

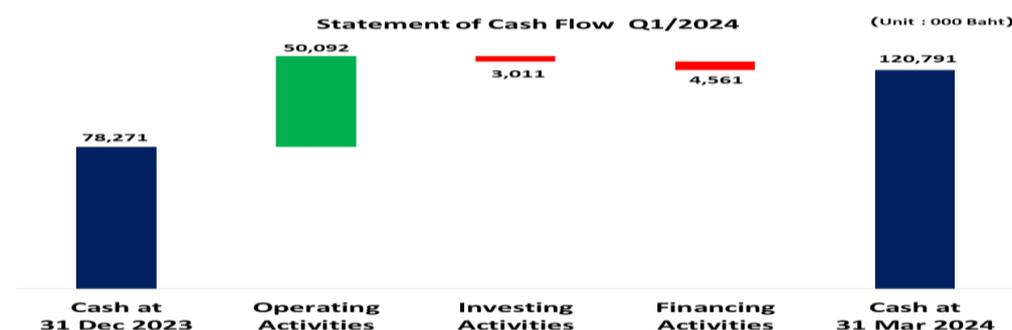
Total liabilities: as of March 31, 2024, the company had total liabilities of 110.25 million baht, a decrease of 2.53 million baht compared to the end of 2023. This reduction was mainly due to a decrease in current liabilities by 0.42 million baht resulting from

- Trade and other payables decreased 3.53 million baht
- Short-term liabilities due within one year decreased by 0.70 million baht
- Income tax payable increased by 2.16 million baht
- Other current liabilities increased by 1.66 million baht

Non-current liabilities in Q1/2024 decreased by 2.11 million baht from the end of 2023, mainly due to the repayment of long-term loans to financial institutions and finance lease liabilities by 3.27 million baht. However, employee benefit obligations increased by 1.14 million baht and provision for mine rehabilitation slightly increased 0.02 million baht.

Total equity recorded at 654.64 million baht, increased by 11.20 million baht compared to the end of 2023, driven by the net profit in Q1/2024, with an earnings per share of 0.05 baht/share and book value per share stood at 2.70 baht/share in the quarter.

Analysis of Cash flows



As of March 31, 2024, the consolidated cash and cash equivalents amounted to 120.79 million baht, rose by 42.52 million baht from December 31, 2023.

Net cash flow from operating activities amounted to 50.09 million baht. This was primarily due to cash generated from operating activities in Q1/2024 was 20.03 million baht, adjusted by the change in operating assets and liabilities during the period, amounting to 30.06 million baht.

Net cash used in investing activities amounted to 3.01 million baht. This was mainly attributed to:

- Payments for the plants and equipment totaling 8.90 million baht.
- Purchases of intangible assets amounting to 0.24 million baht.
- Proceed from the sale of assets, mainly from the sale of dump trucks totaling 6.07 million baht.

Net cash used in financing activities amounted to 4.56 million baht resulting from

- Payments for interest totaling 0.59 million baht.
- Payments for long-term loans from financial institutions, net amounting to 1.33 million baht.
- Payments of lease liabilities totaling 2.65 million baht.

Other information: Future Projects

- Progress on acquiring a new mine in Chonburi province as of March 31, 2024: The seller is in the process of submitting a new mining concession application. In the meantime, there are ongoing negotiations and discussions with the seller. The company expects to be able to start investing in the new mine after the seller's licensing process is complete.

- Progress on new mine acquisition in Phetchaburi province as of March 31, 2024: Negotiations on the conditions and terms of the shares purchase with the selling company are ongoing. The company is in the process of appointing the asset valuer and legal, accounting, and tax advisors to conduct due diligence on the new mine. If the due diligence results are satisfactory, the company will proceed with the purchase of the target mine under the agreed terms. The due diligence is expected to be completed by early Q3 2024.

The company will keep informing and disclosing information about the asset acquisition transaction in accordance with relevant rules and regulations.

Significant Financial Ratios

