

Management Discussion and Analysis for the year ended 2023

Executive Summary

Consolidated Financial Statement (unit : '000 Baht)	2023	2022	Inc/ (Dec)	%
Total Revenues	371,281	279,546	91,735	32.8%
Cost of Sales and Services	333,244	257,990	75,254	29.2%
EBITDA	104,308	82,203	22,106	26.9%
Net Profit	38,036	21,556	16,480	76.5%
Total Comprehensive Income	40,132	25,731	14,401	56.0%
Earnings per Share (Baht)	0.16	0.09	0.07	76.5%

According to the consolidated financial statements, the company's net profit for 2023 was Baht 38.04million, reflecting an increase of Baht 16.48 million or 76.5% compared to 2022. This growth was primarily attributed to a significant increase in revenue amounting to Baht 91.73 million or 32.8%. The main contributor to this growth was the resumption of sales of 20 mm-granite aggregate from Nong Kha Quarry, which had been halted since Q2 2022. Another contributing factor was the revenue generated from Dolomite Powder at Chombueng Quarry. Dolomite Powder, introduced as a new value-added product in 2023, was distributed to customers in the glass and cement industries, expanding our customer base and diversifying industries beyond the construction. In addition, in 2023, the company restructured the transportation department by using an external contractor for transportation services, resulting in the efficiency of cost control management.

The company has earnings before interest, taxes, depreciation and amortization (EBITDA) in 2023 at Baht 104.31 million, an increase of Baht 22.11 million or 26.9% from 2022 and a total comprehensive income of Baht 40.13 million, with earnings per share in 2023 equal to 0.16 Baht/share, an increase of 76.5%.

Operating Performance according to Consolidated Financial Statements

1. Revenue analysis

Total Revenues (unit : '000 Baht)	2023	2022	Inc/ (Dec)	%
Revenue from sales and services	316,315	239,629	76,686	32.0%
Other Income	54,966	39,917	15,049	37.7%
Total Revenues	371,281	279,546	91,735	32.8%

In 2023, the company's total revenues increased by Baht 91.73 million or 32.8% compared to last year which attributed by revenue from selling of 20 mm-granite from Nong Kha Quarry and Dolomite Powder, new product was launched during 2023. Revenue from aggregate sales of finished products went up by Baht 76.78 million while the revenue form transportation services dropped by Baht 0.09 million.

Other income in 2023 was Baht 54.97 million, consisting of revenue from of By-products, disposal of unused assets and scrap and collection from old account receivable etc. The increase of other income Baht 15.05 million in 2023 or 37.7% from last year was mainly due to the sale of unused dump trucks from the transportation department according to the restructure of the transport department as mentioned which recorded an extraordinary item (one-time gain) of Baht 14.96 million. In addition, revenue from by-products in 2023 amounted to Baht 36.96 million, increased by Baht 3.12 million.

2. Cost and expense analysis

Total Cost and Expenses (unit : '000 Baht)	2023	2022	Inc/ (Dec)	%
Cost of sales and services	242,841	175,634	67,207	38.3%
Selling and Administrative expenses	76,141	72,720	3,420	4.7%
Financial cost	2,831	1,817	1,014	55.8%
Tax expenses	11,431	7,819	3,612	46.2%
Total Cost and Expenses	333,244	257,990	75,254	29.2%

In 2023, total costs and expenses rose to Baht 333.24 million, an increase of Baht 75.25 million or 29.2% from the previous year. This surge was driven by the expanded sales volume, particularly from 20mm-granite and Dolomite Powder. Additionally, production costs increased in 2023, primarily due to higher electricity costs for Dolomite powder production, the engagement of outsourcing contractors for production, and the procurement of machinery spare parts.

Sales and administration expenses amounted to Baht 76.14 million, an increase of Baht 3.42 million or 4.7% from the previous year. The majority of this increase comes from higher consulting fees and other expenses associated with preparing the company for an initial public offering (IPO). Furthermore, there is an increase in expenses corresponding to the growth in sales volume.

Financial costs in 2023 increased by Baht 1.01 million from the previous year, primarily due to an increase in the amount of interest-bearing debt by Baht 4.54 million compared to 2022 and the rise in interest rates during 2023.

As a result, the company recorded a net profit of Baht 38.04 million for the fiscal year 2023 and comprehensive income of Baht 40.13 million, arising from the remeasurement of employee benefit obligations.

3. Analysis of Statement of Financial Position

3.1 Assets

Assets (unit : '000 Baht)	Dec 31, 2023	Dec 31, 2022	Inc/ (Dec)	%
Current assets	305,313	247,847	57,467	23.2%
Non-current assets	450,906	456,350	(5,444)	-1.2%
Total Assets	756,219	704,196	52,023	7.4%

As of December 31, 2023, the company had total assets of Baht 756.22 million, an increase of Baht 52.02 million or 7.4% from end of last year with the main reasons as follows:

Current assets increased by Baht 57.47 million or 23.2% compared to 2022 due to the following changes:

- Cash and cash equivalents increased by Baht 20.57 million from increased profits in 2023.

- Trade and other receivables increased by Baht 7.89 million, comprising an increase in trade receivables of Baht 7.40 million resulting from the sales of granite and Dolomite Powder this year. Additionally, there was an increase in prepaid expenses of Baht 0.49 million.

- Inventories in 2023 increased by Baht 27.07 million, mainly due to an increase in granite products of Baht 15.5 million (comprising semi-finished Blast rock of Baht 11.1 million and 20 mm-granite of Baht 4.4 million). Additionally, limestone and dolomite products increased by Baht 8.64 million, and spare parts and consumables increased by Baht 0.97 million to support

increased production in 2023. The increase in Granite stock at the Nong Kha quarry was a result of accelerating the blasting process before the return of a concession in August 2023. This led to a cumulative increase of 130,000 tons of Blast rock.

Non-current assets decreased by Baht 5.44 million from last year, mainly due to

- Property, plant, and equipment increased by Baht 23.9 million due to an investment in the dolomite powder project, which was completed in 2023.
- Rights-of-use assets decreased by Baht 19.15 million. This reduction can be attributed to a decrease in the right-of-use of office buildings by Baht 4.55 million, machinery under lease agreements by Baht 11.51 million, and vehicles under lease agreements by Baht 3.09 million.
- Intangible assets down by Baht 2.75 million from amortization of concession of Baht 2.13 million and software and trademark of Baht 0.62 million.
- Deferred excavation costs decreased by Baht 4.06 million in alignment with the production volume during the period.

3.2 Liabilities and Equity

Liabilities and Equity (unit :'000 Baht)	Dec 31, 2023	Dec 31, 2022	Inc/ (Dec)	%
Total Liabilities	112,782	100,891	11,891	11.8%
Current liabilities	62,561	51,108	11,452	22.4%
Non-current liabilities	50,221	49,783	438	0.9%
Equity	643,438	603,305	40,132	6.7%
Total liabilities and equity	756,219	704,196	52,023	7.4%

As of December 31, 2023, the company's total liabilities increased by Baht 11.89 million, reaching Baht 112.78 million, a growth of 11.8% compared to the previous year. This increase was caused by the following factors:

- **Current liabilities** was up by Baht 11.45 million or 22.4%, mainly due to trade and other payables increased Baht 6.07 million relating to the covering storage building for dolomite production. In addition, there were short term liabilities from bank loan and lease liability up by Baht 3.14 million, and Income tax payable increased by Baht 1.65 million.
- **Non-current liabilities** slightly increased by Baht 0.44 million or 0.9% due to a rise in long-term loans and lease liabilities totaling Baht 1.41 million. Employee benefit obligations decreased by Baht 0.73 million and the provision for mine rehabilitation down by Baht 0.21 million.

Shareholders' equity increased by Baht 40.13 million or 6.7%, compared to the end of 2022. This growth was driven by operating results, including a net profit in 2023 of Baht 38.04 million and additional comprehensive income from the remeasurement of employee benefits obligations, amounting to Baht 2.09 million. In 2023, the company's earnings per share reached 0.16 baht/share, reflecting an increase of 0.07 baht/share or 76.5%, compared to the same period last year when it was at 0.09 baht/share

4. Cash flow analysis

As at December 31, 2023, the company had cash and cash equivalents of Baht 78.27 million, increasing Baht 20.57 million compared to the year-end of 2022

Cash Flows (unit :'000 Baht)	Dec 31, 2023	Dec 31, 2022	Inc / (Dec)
Cash flows from operating activities	48,835	70,501	(21,666)
Cash flows from investing activities	(21,272)	(59,012)	37,740
Cash flows from financing activities	(6,994)	(42,438)	35,444
Net increase (decrease) in cash & cash equivalents	20,569	(30,949)	51,519
Cash & cash equivalents at the beginning of the period	57,702	88,652	(30,949)
Cash & cash equivalents at the end of the period	78,271	57,702	20,569

Cash flows from operating activities in 2023 amounted to Baht 48.83 million, a decrease of Baht 21.66 million from last year which attributed to the increase in trade receivables and aggregate inventory, stemming from the growth in production activities in the year 2023.

Cash flows from investing activities in 2023 was Baht 21.27 million, an increase of Baht 37.74 million compared to 2022. The primary contributor to this rise was the cash increase from the disposal of old dump trucks by the Transport department and the sale of scrap, resulting in a cash proceeds increase of Baht 15.68 million. Additionally, the reduction in payments for fixed assets in 2023 led to a cash increase of Baht 17.57 million, while a decrease in intangible assets, mainly from the 2022 surveying report on dolomite mineral reserves contributed to a cash increase of Baht 1.42 million.

Cash flows from financing activities increased by Baht 35.44 million in 2023, primarily due to the abstention from dividend payments during the year, compared to the previous year's dividend payment of Baht 36.32 million. Moreover, in 2023 there was a rise in net proceeds from borrowing from financial institutions by Baht 0.63 million, cash payments under lease agreements increased by Baht 0.41 million and interest payment up by 1.09 Baht million.

5. Key financial ratios

Key Financial Ratios		2023	2022
Current Ratio	Times	4.88	4.85
Gross profit margin	%	31.26%	35.78%
Net profit margin	%	10.24%	7.71%
EBITDA Margin (%)	%	28.09%	29.41%
Return on Assets	%	5.21%	3.04%
Return on Equity	%	6.10%	3.54%
Debt to Equity Ratio	Times	0.18	0.17