



Stone One Public Company Limited

Management Discussion and Analysis

For the quarter ended September 30, 2024



www.stoneone.co.th

Management Discussion and Analysis Q3/2024

Executive Summary

The company's net profit for Q3/2024 reached THB 18.99 million, up by THB 4.56 million from the previous quarter (+31.6% QoQ) and THB 1.19 million compared to Q3/2023 (+6.7% YoY). For 9M/2024, net profit totaled THB 44.64 million, rising by THB 11.93 million from 9M/2023 (+36.5% YoY). The main reason for this increase was the significant revenue growth from the sales of granite products specifically Big rock used in large-scale construction projects, while limestone product sales declined due to intensified competition and a continued slowdown in the construction industry. Dolomite products also experienced growth, driven by sales of dolomite lumps and dolomite powder while in 2023, dolomite powder revenue remained limited as it was the first year of product launch.

The company reported an EBITDA of THB 38.08 million for Q3/2024 (+21.2% QoQ and +2.2% YoY) and an EBITDA of THB 96.57 million for 9M/2024, marking a THB 13.30 million increase (+16.0% YoY) compared to the same period in 2023. Earnings per share were THB 0.06 for Q3/2024 and THB 0.16 for 9M/2024.

Key Event in Q3/2024

In Q3/2024, the company received approval for a 310 million baht long-term credit line from an external funding source to support its new mining investment project. This funding will be allocated to fixed asset investments for the development of a new quarry, as well as to support machinery investments at the existing quarries in Nong Kha and Chom Bueng.

Operation Performance according to Consolidated Financial Statement

Income Statement (Unit : '000 Baht)	Q3/2023	Q2/2024	Q3/2024	Change		9M/2023	9M/2024	Change % YoY
				% QoQ	% YoY			
Revenue								
Revenue from sales	86,800	95,305	111,336	16.8%	28.3%	226,075	296,692	31.2%
Revenue from services	4,166	3,565	2,714	-23.9%	-34.8%	10,392	9,996	-3.8%
Revenue from sales of by-products	8,760	11,420	9,226	-19.2%	5.3%	28,167	29,147	3.5%
Other income	15,325	1,706	655	-61.6%	-95.7%	16,873	9,996	-40.8%
Total revenue	115,051	111,997	123,931	10.7%	7.7%	281,507	345,831	22.9%
Expenses								
Cost of sales & services	70,217	71,389	82,326	15.3%	17.2%	180,847	227,026	25.5%
Selling and administrative expenses	21,523	21,728	16,399	-24.5%	-23.8%	56,399	60,001	6.4%
Total expenses	91,739	93,117	98,725	6.0%	7.6%	237,246	287,027	21.0%
Earning before interest and taxes	23,311	18,880	25,207	33.5%	8.1%	44,260	58,804	32.9%
Finance cost	718	509	459	-9.9%	-36.1%	2,151	1,572	-27.0%
Profit (loss) before income tax	22,594	18,371	24,748	34.7%	9.5%	42,109	57,233	35.9%
Income tax expenses	4,793	3,932	5,753	46.3%	20.0%	9,405	12,595	33.9%
Net profit	17,801	14,439	18,995	31.6%	6.7%	32,704	44,638	36.5%
EBITDA	37,268	31,411	38,078	21.2%	2.2%	83,271	96,570	16.0%

Total revenue from business operations in Q3/2024 was THB 123.93 million (+10.7% QoQ and +7.7% YoY). For 9M/2024 total revenue was THB 345.83 million (+22.9% YoY), comprising:

Revenue from sales in Q3/2024 amounted to THB 111.34 million (+16.8% QoQ and +28.3% YoY) and in 9M/2024 was at THB 296.69 million (+31.2% YoY). The revenue growth in Q3/2024, up by THB 24.54 million or 28.3% YoY, was primarily driven by granite products from the Nong Kha quarry in Chonburi. This includes a substantial increase of THB 32.64 million in Big rock granite sales used in mega construction projects. In Q3/2024, the sales volume of Big rock granite was very high, approximately 168,000 tons, compared to only 1,150 tons in Q3/2023. For limestone, revenue in Q3/2024 decreased by THB 10.38 million due to increased competition and a continued slowdown in the overall construction situation. For dolomite products, revenue increased by THB 2.28 million compared to the same period last year, mainly from the sales of dolomite lumps, as customers increased their order volumes since the beginning of 2024.

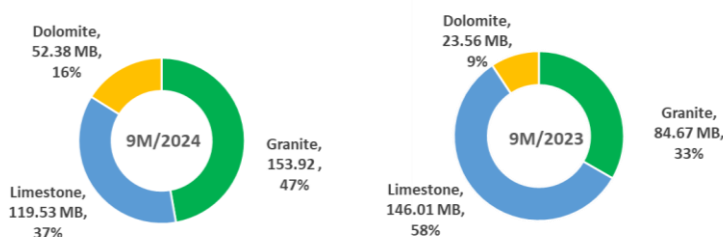
In 9M/2024, revenue grew by THB 70.62 million or 31.2% YoY, mainly due to an increase in granite revenue of THB 69.6 million from Big rock granite sales volume, which reached 237,000 tons compared to just 14,000 tons in the same period of 2023. In 9M/2024, revenue from limestone decreased by THB 27.8 million, while sales of dolomite products rose by THB 28.8 million YoY. The increase in dolomite sales was driven by higher orders for dolomite lumps and additional revenue from dolomite powder, which the company began producing in April 2023, giving it only a 6-month sales period, compared to 9 months in 2024.

Revenue from services comes from providing transportation services to customers. In Q3/2024, this amounted to THB 2.71 million (-23.9% QoQ and -34.8% YoY). For 9M/2024, revenue was THB 10 million (-3.8% YoY). The revenue in Q3/2024 decreased by THB 1.45 million, or 34.8% compared to Q3/2023 is due to VMI (Vendor-Managed Inventory) sales being included with transportation services in Q3/2023. However, in 2024, the company discontinued VMI-based sales, which contributed to the drop in transportation service revenue. For 9M/2024, service revenue saw a slight decrease of THB 0.40 million, or 3.8%, from the same period last year.

Revenue from by-products comes from selling of non-core mining products from granite and limestone. In Q3/2024, the revenue was THB 9.23 million (-19.2% QoQ and +5.3% YoY). The revenue increase of THB 0.47 million, or 5.3% YoY, was driven by increased orders for granite dust from export customers. The revenue for 9M/2024 amounted to THB 29.15 million, reflecting an increase of THB 0.98 million, or 3.5% YoY, driven by higher sales of by-products from the limestone segment.

Other income in Q3/2024 amounted to THB 0.66 million (-61.6% QoQ and -95.7% YoY). The revenue decreased by THB 14.67 million, or 95.7%, compared to Q3/2023. The main reason for this decline was that in Q3/2023, the company recorded other extraordinary income from the sale of unused dump trucks of THB 14.98 million.

For the 9M/2024 period, other revenues amounted to THB 10 million, a decrease of THB 6.88 million (-40.08% YoY). The main reason for this decline was a drop in the sale of fixed assets-dump trucks, which decreased by THB 9.24 million and others decreased by THB 2.37 million.



Revenue proportions for granite, limestone, and dolomite in 9M/2024 were 47%, 37%, and 16%, respectively. This shows growth in granite and dolomite compared to 9M/2023, which were 33%, 58%, and 9%

Revenue Breakdown by Product Type

Cost of Goods Sold and Services for Q3/2024 was THB 82.33 million, an increase of THB 12.11 million (+15.3% QoQ and +17.2% YoY). The increase in costs and services of THB 12.11 million, or 17.2%, compared to Q3/2023, was mainly due to a significant rise in sales of Big Rock granite, which totaled 168,000 tons YoY. The gross profit margin in Q3/2024 was 27.8%, reflecting a 5% increase from 22.8% in Q3/2023. For the 9M/2024 period, the cost of sales and services was THB 227.03 million, an increase of THB 46.18 million (+25.5% YoY). This increase was due to higher sales volumes of Big Rock granite, which totaled 223,000 tons, and 20mm granite, which increased by 60,000 tons YoY. The gross profit margin for 9M/2024 was 26.0%, up from 23.5% in the same period last year.

Selling and Administrative Expenses for Q3/2024 were THB 16.40 million (-24.5% QoQ and -23.8% YoY). The expenses for this quarter decreased by THB 5.12 million, or 23.8%, compared to Q3/2023, mainly due to financial and legal advisory fees related to the company's IPO totaling THB 1.90 million and a reversal of credit loss provisions following successful debt collection from customers of THB 1.98 million.

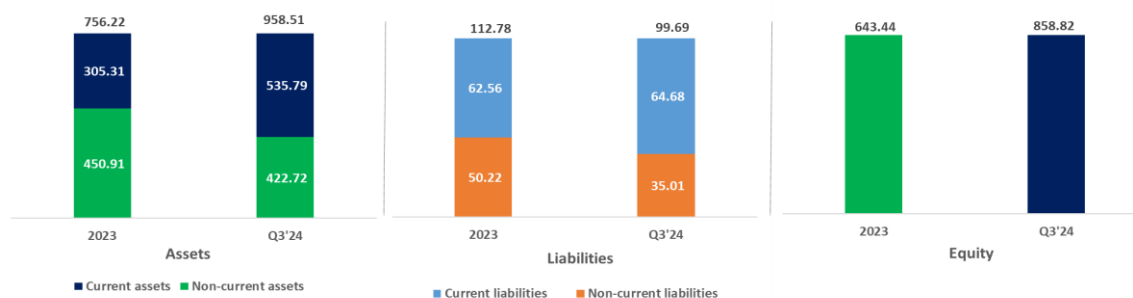
For the 9M/2024 period, the total expenses amounted to THB 60 million, an increase of THB 3.6 million (+6.4% YoY), primarily driven by higher public relations expenses associated with the IPO activities, totaling THB 2.86 million as well as an increase of employee bonus payouts.

Finance Costs for Q3/2024 was THB 0.46 million (-9.9% QoQ and -36.1% YoY) and 9M/2024 was THB 1.57 million (-27.0% YoY), the company has been consistently repaying its loans, which has led to a reduction in financial costs. Additionally, the company has not drawn on any additional loans in 2024 due to its high liquidity.

As a result, the company reported a net profit of THB 18.99 million for this quarter (+31.6% QoQ and +6.7%). For 9M/2024, the net profit amounted to THB 44.64 million, up by THB 11.93 million or 36.5%, indicating a remarkable growth compared to the previous year. The net profit margins for Q3/2024 and the 9M/2024 remained strong at 15.3% and 12.9%, respectively.

Analysis of Statement of Financial Position

Unit: million Baht



Assets

As of September 30, 2024, the company had total assets of THB 958.51 million, an increase of THB 202.29 million (+26.8%) from December 31, 2023, due to the following main factors:

Current assets amounting to THB 535.79 million, an increase of THB 230.47 million (+75.5%) due to

- Cash and cash equivalents (including financial assets in 3-month fixed deposits) increased by THB 212.02 million, mainly due to proceeds from the IPO in April 2024, totaling THB 184.69 million (net of expenses), along with cash flows from operating profits during the period.
- Trade receivables and other receivables increased by THB 14.16 million.
- Short term loan to other party increased by THB 15.00 million.
- Inventory decreased by THB 8.95 million, mainly due to a reduction in semi-finished goods (Big rock).
- Other current assets decreased by THB 1.76 million

Non-current assets amounted to THB 422.72 million, a decrease of THB 28.18 million (-6.3%) mainly due to the following reasons:

- Restricted deposit at a finance institution decreased by THB 1.73 million.
- Property, plant, and equipment decreased by THB 21.76 million due to depreciation and amortization recorded during the period.
- Deferred excavation cost dropped by THB 2.40 million, Intangible assets by THB 1.09 million.
- Deferred assets and other current assets decreased by THB 1.21 million.

Liabilities and Equity

As of September 30, 2024, the company had total liabilities of THB 99.69 million, a decrease of THB 13.09 million (-11.6%) from December 31, 2023, due to the following reasons:

Current Liabilities amounting to THB 64.68 million increased by THB 2.12 million (+3.4%) primarily due to

- A reduction of THB 4 million in the repayment of short-term loan from financial institutions
- An increase of THB 5.10 million in Long-term loans and lease liabilities due within one year.
- A decrease of THB 0.44 million in trade payables.

- An increase of THB 1.47 million in income tax payable and other current liabilities.

Non-Current Liabilities amounted to THB 35.01 million, a decrease of THB 15.21 million (-30.3%), primarily due to the following:

- A reduction of THB 12.20 million in long-term loans from financial institutions.
- A decrease of THB 4.97 million in lease liabilities.
- An increase of THB 2.02 million in employee benefit obligations.
- A decrease of THB 0.06 million in deferred mine rehabilitation cost.

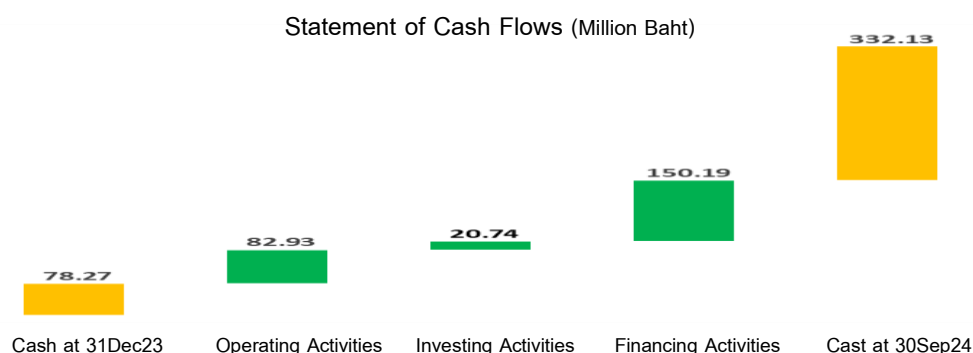
Shareholders' Equity

Total equity as of September 30, 2024 was THB 858.82 million, an increase of THB 215.38 million (+33.5%) from December 31, 2023, due to the following factors:

- Paid-up capital increased by THB 65 million and share premium increased by THB 121.74 million resulting from the issuance of 65 million shares (IPO) in April 2024
- Unappropriated retained earnings increased by THB 28.64 million from the net profit for the 9M/2024, after paying an interim dividend of THB 16.89 million in May 2024.

The company's earnings per share were THB 0.06 for Q3/2024 and THB 0.16 for 9M/2024.

Analysis of Cash Flows



As of September 30, 2024, the company's cash and cash equivalents, including those of its subsidiaries, amounted to THB 332.13 million. There was an increase in cash during the period amounting to THB 253.86 million. The main reasons for this amount are summarized as follows:

- **Net Cash Flow from Operating Activities:** was THB 82.93 million. This increase is primarily due to operating performance which contributed an increase of THB 87.50 million in cash, adjusted by the change in operating assets and liabilities during the period in the amount of THB -4.57 million.
- **Net Cash Flow from Investing Activities:** was THB 20.74 million mainly due to
 - Cash received from financial assets totaled THB 41.84 million.

- Cash received from the sale of fixed assets, THB 6.07 million from selling unused dump trucks of Transport department.
 - Payments for assets purchase and intangible assets totaled THB 15.26 million.
 - Payment for short-term loan to other party was THB 15 million.
 - Cash received from interest and restricted deposits was THB 3.09 million.
- **Net cash Flow from Financing Activities** was THB 150.19 million primarily due to:
 - Cash received from the issuance of new shares from IPO (net expenses) THB 184.68 million
 - Net cash payment for loans from financial institutions amounting to THB 8.04 million
 - Payments for lease liabilities of THB 8.04 million
 - Interim dividend payment of THB 16.89 million
 - Payments for interest expenses of THB 1.52 million.

ESG Activities

The company is committed to operating under ESG principles (Environmental, Social, and Governance), which we believes are essential for sustainable business practices. This approach minimizes environmental impact, fosters positive community relationships, and promotes transparent governance with integrity, thereby enhancing long-term organizational value and building stakeholder confidence. In 3Q/2024, the company undertook various ESG-promoting activities as follows:

Social and environmental :	<ul style="list-style-type: none"> ▪ Supported the budget to provide safety helmets to low-income parents of young children at the Chom Phon Municipal Early Childhood Development Center in Ratchaburi Province, under the “Thai Kids Wear Helmets” promotion project. ▪ Collaborated with the Chonburi Provincial Industry Office to deliver essential items in the "MIND Smile Bag – Standing together" initiative to aid flood victims in Chonburi Province. ▪ The company was honored to host a visit to the Chom Bueng quarry for the mining and crushing operators group from Kanchanaburi, organized by the Kanchanaburi Industrial Office. The visit aimed to promote a better understanding of responsible mining practices under the new industrial path "Good Mining for the Community.
Environmental :	<ul style="list-style-type: none"> ▪ Participated in the “Good Mining, Strong Communities” project at SCG Kaeng Khoi, organized by the Chonburi Provincial Industry Office, to demonstrate the Company’s commitment to sustainable growth in line with ESG principles.
Governance and society :	<ul style="list-style-type: none"> ▪ The company was honored to host a visit to the Chom Bueng quarry by the Governor of Ratchaburi, government agencies, local authorities, and community leaders. The visit, organized by the Ratchaburi Industrial Office, focused on discussing future impact mitigation strategies, challenges related to operations and labor, and fostering sustainable collaboration between the public and private sectors.

Other Information: Future Projects

Progress of Acquiring New Quarry - Phetchaburi Province as of September 30, 2024

The company has appointed financial and legal advisors to carry out a due diligence process on the new quarry in collaboration with the company's team. Currently, negotiations are underway to finalize the terms for signing an MOU with the seller. Additionally, the company has participated in observing a Public Relations Committee meeting within the mining community's activities to foster familiarity and ensure smooth future collaboration through careful planning.

Key Financial Ratios

