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Stone One Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2024



www.stoneone.co.th

Management Discussion and Analysis Year 2024

Executive summary

Stone One Public Company Limited (“STX”) aims to be a leader in the production and distribution of industrial stones. The company manufactures and supplies high-quality granite and limestone for the construction industry, along with dolomite, an essential raw material used in steel production, glass manufacturing, cement production, and dolomite for soil improvement.

In 2024, the company reported revenue of THB 456.60 million, representing a 22.98% increase, with a net profit of THB 51.76 million, growing by 36.09% YoY. This marks the highest revenue and profit in five years since 2020, driven by growth in the construction industry—particularly the accelerated development of the Eastern Economic Corridor (EEC) project—along with strategic business initiatives that have strengthened the company’s long-term sustainable growth, as outlined below:

- Expansion into dolomite products – Unlocking new revenue streams, expanding the customer base, and diversifying business risks beyond reliance on the construction sector.
- Logistics restructuring – Transitioning from an in-house transportation model to outsourced logistics services, leading to cost reductions, lower maintenance expenses, and improved service efficiency and operational flexibility.
- Listing on the Market for Alternative Investment (mai) in 2024 – Raising capital to drive operational expansion and support the acquisition of new quarry, securing the company’s industrial stone reserves.

With these strategies, the company is poised for continuous growth by expanding its raw material sources and production capabilities, reinforcing responsible business operations while ensuring long-term sustainable profitability.

Economic and construction industry outlook for 2025

The Office of the National Economic and Social Development Council (NESDC) projects that Thailand’s economy will grow by 2.3-3.3% in 2025 (with a midpoint estimate of 2.8%), driven by increased government spending, improved private sector demand both in consumption and investment, the recovery of the tourism sector, and continued expansion of exports in line with global economic and trade growth. However, Thailand’s economic recovery in 2025 is subject to risks and constraints that could result in lower-than-expected growth. These include the risk of weaker-than-anticipated global economic and trade expansion, particularly the slowdown in China’s economy, high household and corporate debt levels amid tighter credit standards, and volatility in the agricultural sector, affecting both production and key commodity prices.

For the construction industry in 2025, according to Krungsri’s research published in January 2025, overall investment in construction sector should rise by 4.0 - 4.5% annually, driven by higher public sector spending on infrastructure megaprojects, especially those connected to the Eastern Economic Corridor (EEC), new projects in the 2025 spending plans and the development of new business zones in strategic areas. Public sector allocations are

expected to expand by 4.5 - 5.0% per year. Tailwinds will come from the acceleration in work on ongoing megaprojects, as per the 2023 - 2027 Action Plan, and the pick-up in the pace of work on phases 1 and 2 of the double-track railway and on new lines that will then help to develop transport links connecting industrial estates with border regions. Private sector investment spending is forecast to expand by 3.5 - 4.0% annually. The industry will benefit from: (i) strengthening investment that will boost work on industrial and office space located on industrial estates in the EEC; (ii) continuing recovery in the tourism sector that will support an uptick in hotel construction; (iii) expansion in retail branch networks that will result in an increase in work on new department stores and other retail units; and (iv) recovery in residential housing markets, especially in the EEC and important provincial centers.

Operation performance according to consolidated financial statement

(Unit : '000 Baht)

Income Statement	Y2024	Y2023	Change	Inc/(Dec)
Revenue				
Revenue from sales	394,026	303,000	91,026	30.0%
Revenue from services	12,635	13,315	(679)	-5.1%
Revenue from sales of by-products	37,162	36,967	195	0.5%
Other income	12,772	17,999	(5,226)	-29.0%
Total revenue	456,596	371,281	85,315	23.0%
Expenses				
Cost of sales & services	307,791	242,841	64,950	26.7%
Gross profit	98,871	73,474	25,396	34.6%
<i>GP Margin (%)</i>	<i>24.31%</i>	<i>23.23%</i>		<i>1.1%</i>
Selling and administrative expenses	85,424	76,141	9,283	12.2%
Reversal of expected credit losses	(4,171)	-	(4,171)	0.0%
Total expenses	81,253	76,141	5,112	6.7%
Total cost and expenses	389,043	318,982	70,062	22.0%
Earning before interest and taxes	67,552	52,299	15,253	29.2%
Finance cost	1,820	2,831	(1,012)	-35.7%
Profit (loss) before income tax	65,733	49,468	16,265	32.9%
Income tax expenses	13,968	11,431	2,537	22.2%
Net profit	51,765	38,036	13,728	36.1%
<i>NP Margin (%)</i>	<i>11.34%</i>	<i>10.24%</i>		<i>1.1%</i>
EBITDA	117,502	104,308	13,194	12.6%

Total revenue for 2024 was THB 456.60 million, an increase of THB 85.31 million (+23.0% YoY), comprising:

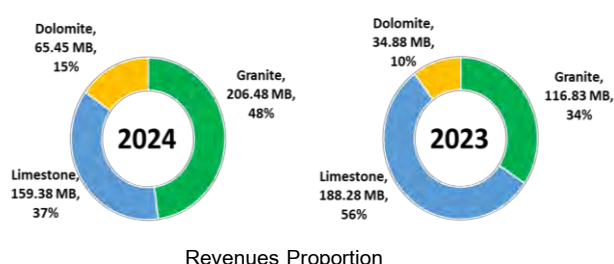
Revenue from sales in 2024 amounted to THB 394.03 million, an increase of THB 91.03 million (+30.0% YoY). The main factors supporting this growth were the expansion of granite product sales from Nong Kha quarry, which increased by THB 89.63 million, driven by the rapid construction of large-scale projects in the Eastern region and the higher demand for 20mm construction stone and led to a significant increase in granite prices in 2024. On the other hand, limestone product sales declined by THB 28.95 million compared to 2023, due to a slowdown in the overall construction sector in the Ratchaburi area, leading to lower demand for construction stone and intensified price

competition from nearby quarries. For the dolomite product in 2024, sales increased by THB 30.52 million compared to the previous year, as revenue was recognized for the full year. In 2023, the dolomite grinding plant was completed and commenced production and sales in April, resulting in a nine-month selling period for that year.

Revenue from services is derived from providing transportation services to customers. In 2024, the company generated THB 12.64 million in transportation service revenue, a slight decline of THB 0.68 million (-5.1% YoY). However, by restructuring its logistics operations and transitioning to outsourced transportation services as previously mentioned, the company achieved a cost reduction of THB 2.06 million compared to 2023.

Revenue from by-products in 2024 amounted to THB 37.16 million, a slight increase of THB 0.20 million (+0.5% YoY), driven by higher limestone sales, while granite sales remained stable compared to the previous year

Other revenues in 2024 totaled THB 12.77 million, a decline of THB 5.23 million (-29.0% YoY), primarily due to a THB 9.34 million decrease in gains from the disposal of fixed assets, driven by lower sales of unused dump trucks from the Transport department. However, this was partially offset by a THB 4.11 million increase in interest income and other revenues.



2024 revenue proportions for granite, limestone, and dolomite were 48%, 37%, and 15%, respectively, up from 34% and 10% for granite and dolomite in 2023, while limestone declined from 56%.

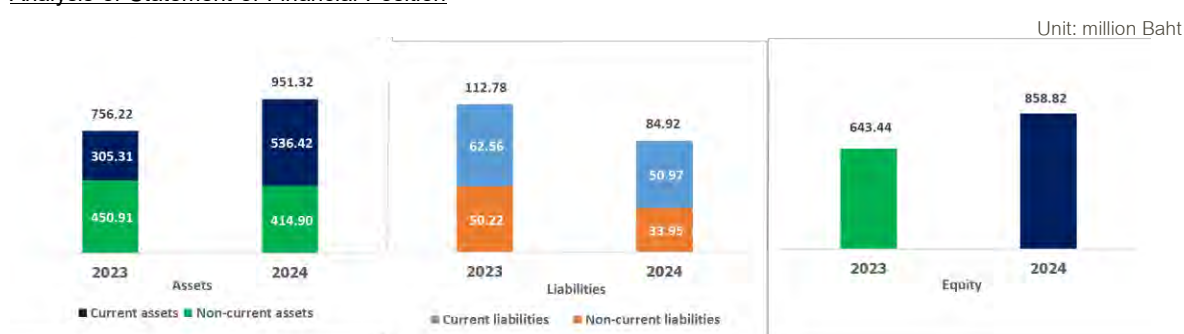
Cost of Goods Sold and Services in 2024 amounted to THB 307.79 million, an increase of THB 64.95 million (+26.7% YoY), in line with the significant increase in product sales volume in 2024. The production cost structure, with the proportion of variable costs to fixed costs in 2024, was 66%: 34%, a change from the previous year's ratio of 59%: 41%. The company achieved a gross profit of THB 98.87 million in 2024, an increase of THB 25.40 million (+34.6% YoY), with a gross profit margin of 24.31%, up by 1.08% from 23.23% in 2023, reflecting more efficient production cost management.

Selling and Administrative Expenses amounted to THB 81.25 million in 2024, reflecting a THB 5.11 million increase (+6.7% YoY), attributable to a THB 0.37 million rise in selling expenses and an THB 8.91 million increase in administrative expenses. The higher administrative expenses were primarily due to an increase in public relations and IPO-related activities totaling THB 3.01 million, legal advisory fees of THB 1.01 million, and an increase of THB 4.89 million in employee and other administrative expenses. The company has SG&A expense to total revenue of 18.09%, down from 19.84% in 2023. Additionally, in 2024, the Company recognized a reversal of THB 4.17 million in expected credit loss (ECL) provisions following the collection of receivables that had been fully provisioned.

Finance costs in 2024 amounted to THB 1.82 million, a decrease of THB 1.01 million (-35.7% YoY), primarily driven by the full prepayment of THB 13.59 million in long term loan to the financial institution in Q4 2024. Additionally, the company did not utilize any existing loan facilities in 2024, as its financial liquidity was sufficient to support both operations and investments.

As a result, the company reported a net profit of THB 51.76 million in 2024, an increase of THB 13.73 million or (+36.1% YoY). Earnings before interest, tax, depreciation, and amortization (EBITDA) totaled THB 117.50 million, an increase of THB 13.19 million (+12.6% YoY). Earnings per share stood at THB 0.18, up from THB 0.16 in 2023, reflecting strong growth and increased returns to shareholders compared to the previous year.

Analysis of Statement of Financial Position



Assets

As of December 31, 2024, the company had total assets of THB 951.32 million, an increase of THB 195.10 million (+25.8%) from December 31, 2023 due to the following main factors:

Current assets amounting to THB 536.42 million, an increase of THB 231.11 million (+75.7%) due to

- Cash and cash equivalents (including financial assets in 3-month fixed deposits) amounted to THB 337.36 million increased by THB 217.25 million, mainly due to proceeds from the IPO in April 2024, totaling THB 184.69 million (net of IPO expenses), operating cash inflows of THB 83.61 million during the period, an interim dividend payment of THB 16.89 million, and loan repayments, interest expenses, and lease payments totaling THB 34.16 million.
- Trade receivables and other receivables in 2024 amounted to THB 46.89 million, an increase of THB 12.78 million, primarily due to an increase in trade receivables by THB 12.92 million, while prepaid expenses and others decreased by THB 0.14 million. The increase in trade receivables was primarily driven by granite sales, aligning with overall sales growth in 2024. Most receivables are either not yet due or overdue by no more than three months. Receivables overdue for more than 12 months are linked to the former concrete business during 2011-2012, with a full expected credit loss allowance already recorded and the receivables currently under legal proceedings. In 2024, the balance of these long-overdue receivables declined by THB 4.17 million due to debt collection efforts.
- Short term loan to other party increased by THB 15.00 million, secured by land mortgaged to the company as collateral for debt repayment.

- Inventory declined by THB 12.33 million, primarily due to a reduction in semi-finished goods (large-sized granite stone), resulting from increased granite sales in 2024.
- Other current assets decreased by THB 1.59 million, due to a reduction in prepaid expenses and tax receivables.

Non-current assets amounted to THB 414.90 million, a decrease of THB 36.00 million (-8.0% YoY) due to:

- Restrictions deposit at a finance institution decreased by THB 2.1 million.
- Property, plant, and equipment as of the end of 2024 amounted to THB 330.50 million, a decrease of THB 20.4 million due to depreciation of assets. The assets in 2024 were divided into land and quarries worth THB 130.66 million, buildings THB 47.38 million, machinery and equipment THB 143.39 million, and other assets THB 9.07 million.
- Right-of-use assets amounted to THB 21.96 million, a decrease of THB 7.09 million in 2024 due to its amortization. As of the end of 2024, the right-of-use assets consisted of office buildings worth THB 2.78 million, machinery worth THB 18.47 million, and vehicles worth THB 0.71 million.
- Intangible assets amounted to THB 9.70 million, a decrease of THB 2.04 million from 2023, mainly due to the amortization of concession amounting to THB 2.52 million, while computer software and trademarks increased by THB 0.48 million.
- Deferred excavation costs and deferred mine rehabilitation costs decreased by THB 3.30 million.
- Deferred tax assets amounted to THB 19.69 million, a decrease of THB 0.40 million, while other non-current assets totaled THB 3.77 million, a decrease of THB 0.68 million.

Liabilities and Equity

As of December 31, 2024, the company had total liabilities of THB 84.92 million, a decrease of THB 27.86 million (-24.7 %) from December 31, 2023, due to the following reasons:

Current Liabilities amounted to THB 50.97 million decreased by THB 11.59 million (-18.5 %) primarily due to:

- A reduction of THB 4.00 million in the repayment of short-term loan from financial institution.
- A reduction of THB 9.97 million in current portion of long-term loans and lease liabilities.
- Trade and other current payables amounted to THB 33.35 million, a decrease of THB 1.18 million compared to 2023, consisting mainly of trade payables of THB 15.61 million, other payables of THB 7.81 million, accrued expenses of THB 7.73 million, and advance payments for goods and contract deposits of THB 2.20 million.
- An increase of THB 3.56 million in income tax payable and other current liabilities

Non-Current Liabilities amounted to THB 33.95 million, a decrease of THB 16.27 million (-32.4 %) due to:

- Long-term loans from financial institution declined by THB 12.20 million in 2024, following the subsidiary's full prepayment of its long term loan. This prepayment aligned with the Group's liquidity management plan, supported by the strong cash flow and adequate liquidity for its business operations.
- Lease liabilities totaled THB 6.24 million, decreasing by THB 6.23 million from the prior year in accordance with the scheduled repayment plan.
- Employee benefit obligations amounted to THB 26.24 million, reflecting an increase of THB 2.22 million

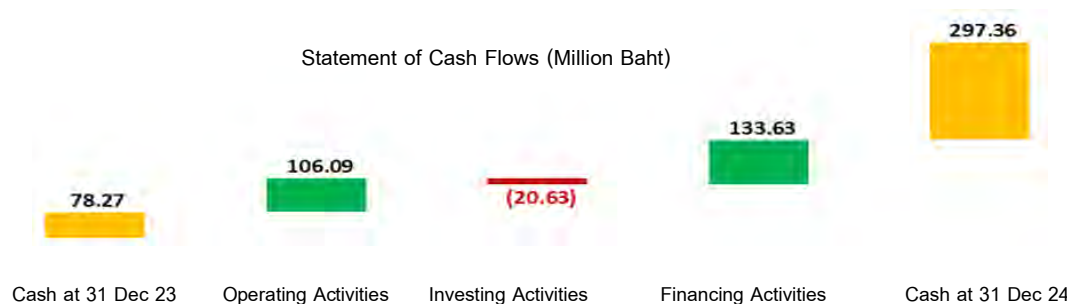
- Other non-current provision amounted to THB 1.47 million, a decrease of THB 0.05 million.

Shareholders' Equity

As of December 31, 2024, total equity stood at THB 866.40 million, reflecting an increase of THB 222.96 million (+34.7%) from December 31, 2023, driven by the following key factors:

- Paid-up capital increased by THB 65 million, and share premium grew by THB 121.74 million, following the issuance of 65 million shares in the April 2024 IPO.
- Retained earnings increased by THB 36.22 million from the net profit for 2024, after paying an interim dividend of THB 16.89 million in 2024.

Analysis of Cash Flows



Cash and cash equivalents of the Company and its subsidiaries as at December 31, 2024 were THB 297.36 million, increasing by THB 219.09 million from December 31, 2023. The details were summarized below:

- **Net cash flow from operating activities** was THB 106.09 million, primarily driven by significant revenue growth in 2024, which generated operating cash flow of THB 106.68 million, adjusted for changes in operating assets and liabilities amounting to THB -0.77 million.
- **Net Cash Flow from Investing Activities:** was THB -20.63 million. The main reasons were as follows:
 - Cash received from financial assets and restricted deposits totaled THB 3.94 million.
 - Cash paid for investments in buildings, machinery, and equipment amounted to THB 17.44 million, and for intangible assets amounted to THB 1.46 million.
 - Cash received from disposal of fixed assets, THB 6.10 million from selling unused dump trucks.
 - Cash received from interest were THB 3.23 million.
 - Cash paid for short-term loans to other party were THB 15.00 million.
- **Net cash Flow from Financing Activities:** was THB 133.63 million primarily due to:
 - Cash received from the issuance of new shares from IPO (net) THB 184.68 million.
 - Net cash payment for loans from financial institutions amounting to THB 21.63 million.
 - Payment for lease liabilities of THB 10.78 million.
 - Interim dividend payment of THB 16.89 million and payments for interest expenses of THB 1.75 million.

Awards of the Year 2024

In 2024, the Group received the Green Mining Award in the Mining and Crushing Plant category from the Department of Primary Industries and Mines (DPIM). This recognition was awarded to both Stone One Public Company Limited and its subsidiary, Ratchaburi Enterprise Company Limited. These awards are a source of pride for the Group and serve as a driving force for continuous organizational development, creating value for all stakeholders and ensuring long-term sustainable growth.

ESG Initiatives in 2024

The Company remains committed to conducting business in accordance with ESG (Environmental, Social, and Governance) principles to ensure sustainability by minimizing environmental impact, fostering positive community relationships, and enhancing transparent management practices. The Company's ESG efforts are categorized into three key areas as follows:

Environmental

- Participated in the “Sustainable Mining for Communities” program organized by the Chonburi Provincial Industry Office at SCG Kaeng Khoi.
- Organized a crab release activity at the Sea Turtle Conservation Center, Royal Thai Navy, Sattahip.

Social

- Provided financial support for purchasing safety helmets for low-income parents at a childcare center in Ratchaburi Province.
- Donated survival kits under the “Smiling Bag – MIND Cares” initiative to assist flood victims in Chonburi Province.
- Hosted a site visit for mining operators from Kanchanaburi Province to Chom Bueng Quarry, promoting sustainable mining practices aligned with modern industrial standards.

Governance

- Hosted the Governor of Ratchaburi Province and related agencies to discuss strategies for addressing labor challenges, promoting investment, and strengthening public-private sector collaboration.

Key Financial Ratios

