



**Stone One Public Company Limited**

# **Management Discussion and Analysis**

**For the quarter ended June 30, 2024**



[www.stoneone.co.th](http://www.stoneone.co.th)

## Management Discussion and Analysis Q2/2024

### Executive Summary

The company's net profit in Q2/2024 amounted to THB 14.44 million, an increase of THB 4.35 million, compared to Q2/2023 (+43.1% YoY) and an increase of THB 3.23 million from the previous quarter (+28.9% QoQ). The net profit for 6M/2024 was THB 25.64 million, an increase of THB 10.74 million compared to 6M/ 2023 (+72.1% YoY). The main reason for this increase was the significant revenue growth from the sales of 20mm granite products and Big Rock used in large-scale construction projects. Additionally, the cessation of the company's own transportation services since beginning of 2024 and the shift to using outsourced logistics have enabled better cost control and reduced losses in the transportation department, leading to an increase in net profit.

The company reported an EBITDA of THB 31.41 million for Q2/2024 (+16.0% QoQ and +15.9% YoY) and an EBITDA of THB 58.49 million for 6M/2024, marking a THB 12.49 million increase (+27.2% YoY) compared to the same period in 2023. Earnings per share were THB 0.05 per share for Q2/2024 and THB 0.10 per share for 6M/2024.

### Significant Event of the 2nd Quarter of 2024

The company made an initial public offering (IPO) of 65 million newly issued common shares, raising THB 195 million from the capital increase. The company was listed on the Market for Alternative Investment (MAI) on 26 April 2024

On 2 May 2024, the Board of Directors of the Company has a resolution to approve the interim dividend payment in respect of retained earnings of the Company for 307.13 million shares at THB 0.055 per share, totaling of THB 16.89 million. This dividends are paid to shareholders in May 2024.

### Operation Performance according to Consolidated Financial Statement

Income Statement (Unit : '000 Baht)	Q2/2023	Q1/2024	Q2/2024	Increase/ (Decrease) %		6M/2023	6M/2024	Inc/ (Dec) % YoY
				QoQ	YoY			
<b>Revenue</b>								
Revenue from sales	78,647	90,051	95,305	5.8%	21.2%	139,275	185,356	33.1%
Revenue from services	3,252	3,717	3,565	-4.1%	9.6%	6,226	7,282	17.0%
Revenue from sales of by-products	11,991	8,501	11,420	34.3%	-4.8%	19,407	19,921	2.6%
Other income	479	7,635	1,706	-77.7%	256.2%	1,547	9,341	503.7%
<b>Total revenue</b>	<b>94,370</b>	<b>109,903</b>	<b>111,997</b>	<b>1.9%</b>	<b>18.7%</b>	<b>166,456</b>	<b>221,900</b>	<b>33.3%</b>
<b>Expenses</b>								
Cost of sales & services	62,586	73,312	71,389	-2.6%	14.1%	110,631	144,701	30.8%
Selling and administrative expenses	17,607	21,874	21,728	-0.7%	23.4%	34,876	43,602	25.0%
<b>Total expenses</b>	<b>80,193</b>	<b>95,186</b>	<b>93,117</b>	<b>-2.2%</b>	<b>16.1%</b>	<b>145,507</b>	<b>188,302</b>	<b>29.4%</b>
Earning before interest and taxes	14,177	14,718	18,880	28.3%	33.2%	20,949	33,598	60.4%
Finance cost	841	604	509	-15.7%	-39.5%	1,434	1,113	-22.4%
<b>Profit (loss) before income tax</b>	<b>13,337</b>	<b>14,114</b>	<b>18,371</b>	<b>30.2%</b>	<b>37.7%</b>	<b>19,515</b>	<b>32,485</b>	<b>66.5%</b>
Income tax expenses	3,246	2,909	3,932	35.2%	21.1%	4,612	6,842	48.3%
<b>Net profit</b>	<b>10,091</b>	<b>11,205</b>	<b>14,439</b>	<b>28.9%</b>	<b>43.1%</b>	<b>14,903</b>	<b>25,643</b>	<b>72.1%</b>
<b>EBITDA</b>	<b>27,109</b>	<b>27,082</b>	<b>31,411</b>	<b>16.0%</b>	<b>15.9%</b>	<b>46,002</b>	<b>58,493</b>	<b>27.2%</b>

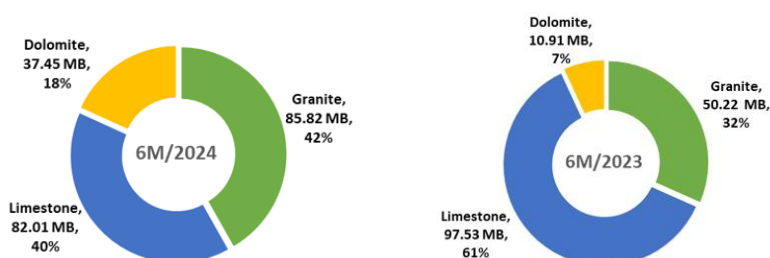
Total revenue from business operations in Q2/2024 was THB 112 million (+1.9% QoQ and +18.7% YoY). For 6M/2024 total revenue was THB 221.9 million (+33.3% YoY), comprising:

**Revenue from sales** in Q2/2024 amounted to THB 95.31 million (+5.8% QoQ and +21.2% YoY) and in 6M/2024 was at THB 185.36 million (+33.1% YoY). This significant increase in revenue was primarily driven by the granite products from the Nong Kha quarry in Chonburi, with a substantial rise in the sales volume of Big rock granite used in mega construction projects. Additionally, thanks to the price adjustment for 20mm granite in 2024, in line with the increased market price due to the rising demand for construction stone in the Chonburi area, our revenue increased significantly. However, revenue from the limestone products of the Chom Bueng quarry in Ratchaburi decreased in 2024 due to intensified competition and the slow growth in the construction sector. On the other hand, the dolomite products also experienced growth in 2024, both in the sale of dolomite lumps and dolomite powder, which was introduced as new products in late Q2/2023.

**Revenue from services** is derived from providing transportation services to customers. In Q2/2024, this amounted to THB 3.57 million (-4.1% QoQ and +9.6% YoY). For 6M/2024, revenue was THB 7.28 million (+17.0% YoY). Currently, this transportation service revenue comes from transporting dolomite powder to customers in the glass industry and some cement customers. This quarter, revenue decreased slightly from the previous quarter, corresponding to the reduced revenue from dolomite powder.

**Revenue from by-products** comes from selling of non-core mining products from granite and limestone. In Q2/2024, the revenue was THB 11.42 million (+34.3% QoQ and -4.8% YoY), and for 6M/2024, the revenue was THB 19.92 million (+2.6% YoY). The 34.3% QoQ increase in sales was mainly due to higher sales volume for granite dust.

**Other income** in Q2/2024 amounted to THB 1.71 million (-77.7 %QoQ and +256.2 %YoY).The main reason for the decrease in other income this quarter is that Q1/2024 included the sale of unused trucks, generating revenue of THB 6.07 million .The increase in other income compared to Q2/2023 is due to a rise in interest income by THB 0.71 million from increased cash flow from the initial public offering )IPO (and an increase in bad debt recovery by THB 0.64 million .For 6M/2024, other income amounted to THB 9.34 million, an increase of THB 7.79 million (+503.7 %YoY).This increase is primarily from the sale of unused trucks generating THB 5.74 million in March 2024 and an increase in bad debt recovery of THB 1.55 million.



Revenue Breakdown by Product Type

Revenue proportions for granite, limestone, and dolomite in 6M/2024 were 42%, 40%, and 18%, respectively. This shows growth in granite and dolomite compared to 6M/2023, which were 32%, 61%, and 7%

**Cost of Goods Sold and Services** for Q2/2024 was THB 71.39 million (-2.6% QoQ and +14.1% YoY). The decrease from the previous quarter by THB 1.91 million was mainly due to employee bonuses in Q1/2024. However, the cost in Q2/2024 increased by THB 8.80 million YoY. For the 6M/2024 period, costs increased by THB 34.07 million (+30.8% YoY), primarily due to a significant rise in sales volume, especially for Big rock and 20mm granite. The cost of sales and services as a percentage of revenue decreased to 72.2% in Q2/2024, down 6.0% QoQ and 4.2% YoY. For 6M/2024, it was 75.12%, slightly decreased by 0.92% from 6M/2023. The company's gross profit margins for Q2/2024 and 6M/2024 were 27.80% and 24.88%, respectively.

**Selling and Administrative Expenses** for Q2/2024 were THB 21.73 million (-0.7% QoQ and +23.4% YoY), the expenses for this quarter are similar to the previous quarter. Compared to Q2/2023, expenses increased by THB 4.12 million and for 6M/2024, expenses rose by THB 8.73 million (+25% YoY) from 6M/2023. Both increases are primarily due to expenses related to the IPO offering on the MAI and legal consulting fees.

**Finance Costs** for Q2 2024 was THB 0.51 million and 6M/2024 was THB 1.11 million, reflecting a continuous decrease due to the repayment of loans and no new borrowings in this quarter.

Driven by the factors mentioned above, the company achieved a robust net profit of THB 14.44 million in Q2/2024, representing a significant increase of 28.9% QoQ and an impressive 43.1% YoY. For 6M/2024, net profit reached THB 25.64 million, reflecting a remarkable growth of 72.1% YoY, or an increase of THB 10.74 million. The net profit margin for Q2/2024 stands strong at 12.89%, with a solid 11.56% margin for 6M/2024 period.

### Analysis of Statement of Financial Position

Unit: million Baht



### Assets

As of June 30, 2024, the company had total assets of THB 939.68 million, an increase of THB 183.46 million (+24.3%) from December 31, 2023, due to the following main factors:

**Current assets** amounting to THB 505.29 million, an increase of THB 199.97 million (+65.5%) due to

- Cash and cash equivalents (including financial assets of 3-month fixed deposits) increased by THB 165.87 million from cash received from the IPO in April 2024.

- Trade receivables and other receivables increased by THB 36.14 million, mainly due to a substantial rise in trade receivables in line with higher sales volumes in this quarter.
- Inventory decreased by THB 0.54 million, mainly due to a reduction in semi-finished goods (Big Rock).
- Other current assets decreased by THB 1.5 million

**Non-current assets** amounted to THB 434.39 million, a decrease of THB 16.52 million (-3.7%) from December 31, 2023 primarily due to the following reasons: property, plant, and equipment decreased by THB 13.52 million, deferred excavation costs down THB 1.53 million, intangible assets decreased by THB 0.37 million, and other current assets decreased by THB 1.10 million.

#### Liabilities and Equity

As of June 30, 2024, the company had total liabilities of THB 100.75 million, a decrease of THB 12.03 million (-10.7%) from December 31, 2023, due to the following reasons:

**Current Liabilities** amounting to THB 54.76 million decreased by THB 7.8 million (-12.5%) primarily due to

- A reduction of THB 4 million in the repayment of short-term loans from financial institutions
- Repayment of long-term loans and lease liabilities due within one year amounting to THB 1.44 million
- A decrease of THB 1.58 million in trade payables
- A decrease of THB 0.77 million in income tax payable and other current liabilities

**Non-Current Liabilities** amounted to THB 45.98 million, a decrease of THB 4.24 million (-8.4%), primarily due to the following:

- A reduction of THB 2.8 million in long-term loans from financial institutions
- A decrease of THB 3.7 million in lease liabilities
- An increase of THB 2.3 million in employee benefit obligations.

#### Shareholders' Equity

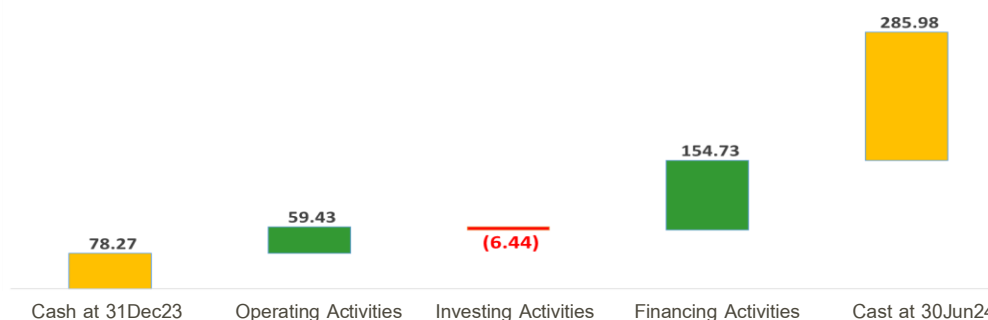
As of June 30, 2024, was THB 838.93 million, an increase of THB 195.49 million (+30.4%) from December 31, 2023, due to the following key factors:

- 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 8.75 million, resulting from net profit of THB 25.64 million for the six-month period of 2024, net with interim dividend payment of THB 16.89 million in May 2024

The company's earnings per share (EPS) were THB 0.05 per share for Q2/ 2024 and THB 0.10 per share for 6M/ 2024.

## Analysis of Cash Flows

Statement of Cash Flows (Million Baht)



As of June 30, 2024, the company's cash and cash equivalents, including those of its subsidiaries, amounted to THB 285.98 million. There was an increase in cash during the period amounting to THB 207.71 million. The main reasons for this amount are summarized as follows:

- **Net Cash Flow from Operating Activities:** THB 59.43 million. This increase is primarily due to operating performance, which contributed an increase of THB 51.05 million in cash. Adjustments for changes in operating assets and liabilities during the period added THB 8.38 million.
- **Net Cash Used in Investing Activities:** THB 6.44 million. This includes cash received from the sale of fixed assets, specifically THB 6.07 million from selling unused dump trucks of Transport department. Cash payments for assets purchase totaled THB 13.36 million, while cash received from interest and restricted deposits was THB 0.84 million.
- **Net cash received from financing activities** was THB 154.73 million primarily due to:
  - Cash received from the issuance of new shares from IPO totaling THB 195.00 million
  - Cash paid for share issuance expenses of THB 10.30 million
  - Net cash payment for loans from financial institutions amounting to THB 6.68 million
  - Payment for lease liabilities of THB 5.33 million
  - Dividend payment of THB 16.89 million
  - Payments for interest expenses of THB 1.08 million.

### Other Information: Future Projects

#### Progress of Acquiring New Mines - Phetchaburi Province as of June 30, 2024

Negotiations are underway regarding the terms of the share purchase agreement with the seller. The Company has completed the geological survey and reserve evaluation report and is finalizing the proposal with the selected financial, legal and tax advisors to conduct due diligence on the new mine. If the due diligence results are satisfactory, the acquisition process will proceed according to the agreed terms. The due diligence is expected to be completed by Q3 2024. Additionally, the Company has secured the long-term loan to support its new mining investment project.

## Key Financial Ratios

