



LANNA RESOURCES Public Company Limited

บริษัท ลานนา รีซอร์สเซส จำกัด (มหาชน)

Ref. No. 0168/06E

February 21, 2025

Subject: Clarification on the Operating Results for the year 2024

Attn: President

The Stock Exchange of Thailand

The Company wishes to report on the Company's operating results for the year 2024, having details as follows:

Net profit of the Company and subsidiary companies in 2024 totaled Baht 1,664.18 million, which decreased from the previous year by Baht 423.93 million, and net earnings per share was Baht 3.17 per share, which decreased from the previous year by Baht 0.81 per share or 20.30 percent, due to the following reasons:

(1) Net profit from coal business derived from shareholding proportion of the Company in 2024 was Baht 1,593.94 million, which decreased from the previous year by Baht 354.94 million or 18.21 percent. This was due to a decrease in the average coal selling price of 10.69 percent.

(2) Net profit from ethanol business and soil conditioner byproduct derived from shareholding proportion of the Company in 2024 was Baht 11.46 million, which decreased from the previous year by Baht 3.98 million or 25.78 percent. This was due to a decrease in the ethanol sales volume of 15.49 percent; and

(3) Share of income from associated companies in 2024 totaled Baht 58.78 million, which decreased from the previous year by Baht 65.01 million or 52.52 percent. This was due to a decrease in profit of associated companies.

Details of the changes or impacts that occurred have been described in the Management Discussion and Analysis (MD&A).

Please be informed accordingly.

Yours faithfully,
For and on behalf of
Lanna Resources Public Company Limited

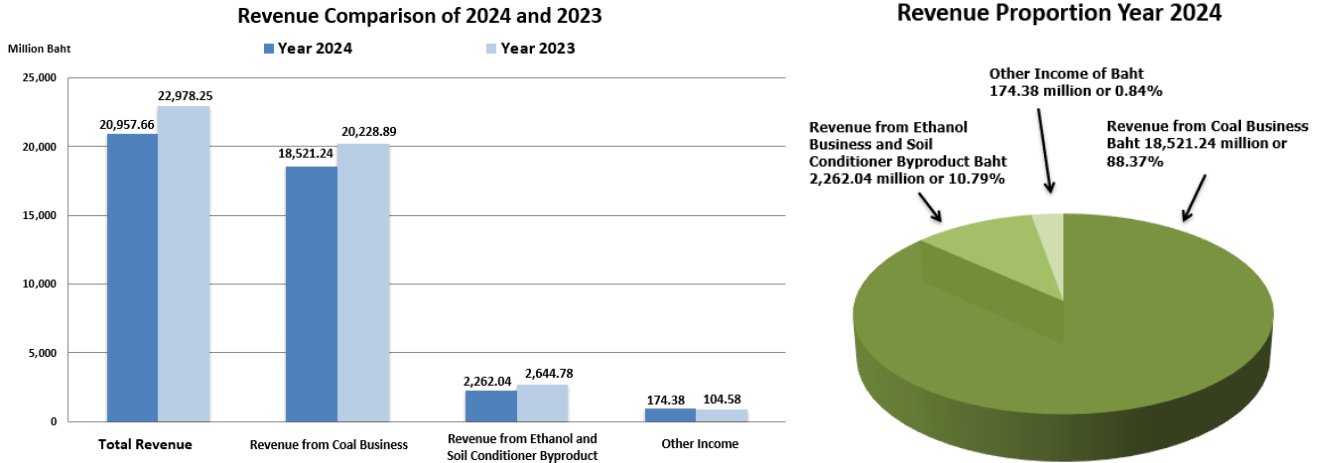
(Mrs. Petcharat Chayanon)
Chief Officer – Accounting and Finance

MANAGEMENT DISCUSSION AND ANALYSIS

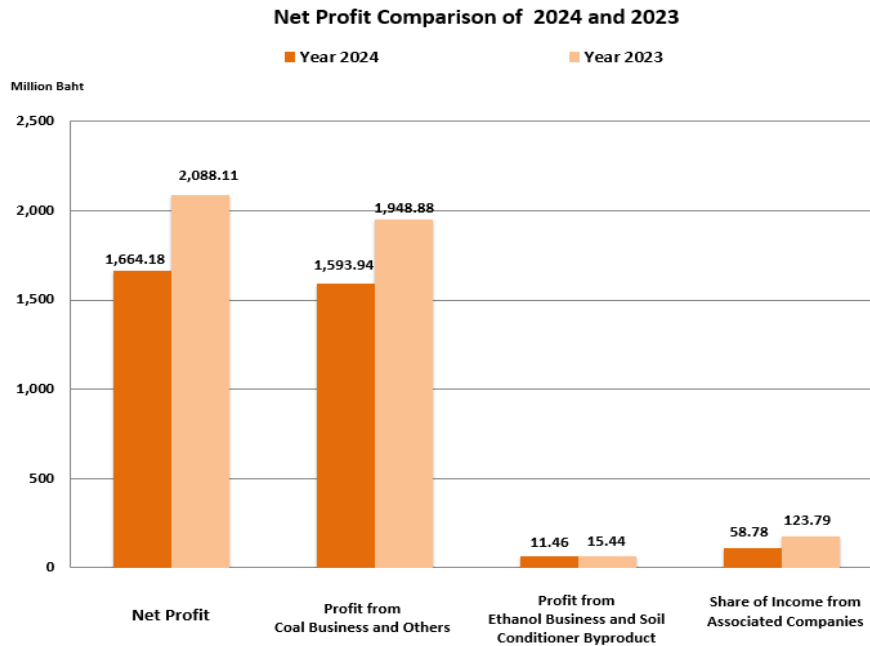
(For the Consolidated Financial Statements of 2024)

OVERALL OPERATING RESULTS

The total revenue of the Company and subsidiary companies in 2024 was Baht 20,957.66 million, which decreased from the previous year by Baht 2,020.59 million or 8.79 percent. The revenue proportion from coal business, ethanol business, and other income accounted for 88.37 percent, 10.79 percent, and 0.84 percent, respectively.



The net profit of the Company and subsidiary companies in 2024 totaled Baht 1,664.18 million or Baht 3.17 per share, which decreased from the previous year by Baht 423.93 million or 20.30 percent. The net profit proportion from coal business, ethanol business, and other income in 2024 accounted for 95.78 percent, 0.69 percent, and 3.53 percent, respectively, with the net profit margin of 12.85 percent, the EBITDA margin of 26.77 percent, and the return on equity of 20.02 percent.



The overall financial position and liquidity of the Company and subsidiary companies as at the end of 2024 were considered excellent. The current ratio was as high as 3.27 times, and the quick ratio was as high as 2.03 times. The total debt to total assets ratio was only 24.90 percent with debt-to-equity ratio of only 33.16 percent.

Operating Results of the Coal Business or the Core Business: The Company and subsidiary companies had total revenue from coal business in 2024 of Baht 18,521.24 million, which decreased from the previous year by Baht 1,707.65 million or 8.44 percent. This was due to the average coal selling price decreased from the previous year by 10.69 percent, despite the increase in coal sales volume from the previous year of 2.51 percent. The net profit derived from shareholding proportion of the Company in 2024 was Baht 1,593.94 million, which decreased from the previous year by Baht 354.94 million or 18.21 percent. Although global coal consumption increased slightly from the previous year by approximately 1 percent, global coal prices decreased by 20 percent.

Operating Results of the Ethanol-for-Fuel Business and Soil Conditioner Byproduct or the Secondary Core Business: The Company and subsidiary company had total revenue from ethanol business and soil conditioner byproduct in 2024 of Baht 2,262.04 million, which decreased from the previous year by Baht 382.74 million or 14.47 percent. This was due to the decrease in ethanol sales volume from the previous year of 15.49 percent, despite the increase in average ethanol selling price from the previous year of 0.48 percent. The net profit derived from shareholding proportion of the Company in 2024 was Baht 11.46 million, which decreased from the previous year by Baht 3.98 million or 25.78 percent. This was due to a decrease in the ethanol sales volume as described above.

Operating Results Analysis

Revenue	Year 2024		Year 2023		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from Coal Sales	18,521.24	88.37	20,228.89	88.03	(1,707.65)	(8.44)
Revenue from Ethanol Sales	2,262.04	10.79	2,644.78	11.51	(382.74)	(14.47)
Other Income	174.38	0.84	104.58	0.46	69.80	66.74
Total Revenue	20,957.66	100.00	22,978.25	100.00	(2,020.59)	(8.79)

REVENUE

Revenue of the Company and subsidiary companies in 2024 totaled Baht 20,957.66 million, which decreased from the previous year by Baht 2,020.59 million or 8.79 percent due to the following reasons:

(1) Revenue from coal business, the core business, was Baht 18,521.24 million, which decreased from the previous year by Baht 1,707.65 million or 8.44 percent. This was due to a decrease in the average coal selling price as described above.

(2) Revenue from ethanol business and soil conditioner byproduct, the secondary core business, was Baht 2,262.04 million, which decreased from the previous year by Baht 382.74 million or 14.47 percent. This was due to a decrease in the ethanol sales volume as described above; and

(3) Other income totaled Baht 174.38 million, which increased from the previous year by Baht 69.80 million or 66.74 percent. This was due to the income of Baht 46.21 million in insurance compensation from a fire incident on cassava chips and Baht 24.70 million from the sale of the remaining cassava chips damaged in the fire incident.

EXPENSES

Expenses	Year 2024		Year 2023		Increase (Decrease)	
	Million Baht	Percent (%) of Sales Volume	Million Baht	Percent (%) of Sales Volume	Million Baht	Percent (%) of Sales Volume
Coal Business						
Cost of sales	9,264.95	50.02	9,275.92	45.85	(10.97)	(0.12)
Selling and administrative expenses	5,228.35	28.23	5,889.82	29.12	(661.47)	(11.23)
Corporate income tax	1,594.91	8.61	1,969.42	9.74	(374.51)	(19.02)
Ethanol Business						
Cost of sales	2,048.87	90.58	2,414.48	91.29	(365.61)	(15.14)
Selling and administrative expenses	219.86	9.72	158.56	6.00	61.30	38.66
Corporate income tax	6.53	0.29	7.73	0.29	(1.20)	(15.52)

COAL BUSINESS EXPENSES

Coal business expenses of the Company and subsidiary companies in 2024 totaled Baht 16,088.21 million, which decreased from the previous year by Baht 1,046.95 million or 6.11 percent, due to the following reasons:

- (1) Cost of coal sales decreased from the previous year by Baht 10.97 million or 0.12 percent, due to a decrease in the cost of coal sales per metric ton of 2.57 percent.
- (2) Selling and administrative expenses decreased from the previous year by Baht 661.47 million or 11.23 percent due to a decrease in royalty fee payment to the government in accordance with a decrease in the average coal selling price; and
- (3) Corporate income tax decreased from the previous year by Baht 374.51 million or 19.02 percent due to a decrease in profit.

ETHANOL BUSINESS AND SOIL CONDITIONER BYPRODUCT EXPENSES

Ethanol business and soil conditioner byproduct expenses of the Company and subsidiary company in 2024 totaled Baht 2,275.26 million, which decreased from the previous year by Baht 305.51 million or 11.84 percent, due to the following reasons:

- (1) Cost of sales decreased from the previous year by Baht 365.61 million or 15.14 percent due to a decrease in the ethanol sales volume of 15.49 percent.
- (2) Selling and administrative expenses increased from the previous year by Baht 61.30 million or 38.66 percent due to an incurred damage of Baht 74.33 million from a fire incident on cassava chips. However, the subsidiary company received insurance compensation for this loss, which has already been recorded as other income in 2024, as described above; and
- (3) Corporate income tax decreased from the previous year by Baht 1.20 million due to a decrease in profit.

FINANCIAL INCOME AND FINANCIAL EXPENSE

Description	Unit: Million Baht						Million Baht	Increase (Decrease) (%)
	Year 2024			Year 2023				
	Coal Business	Ethanol Business and Soil Conditioner Byproduct	Total	Coal Business	Ethanol Business and Soil Conditioner Byproduct	Total		
Financial income	122.80	0.21	123.01	71.55	1.29	72.84	50.17	68.88
Financial expense	18.93	63.37	82.30	16.15	69.41	85.56	(3.26)	(3.81)

(1) The Company and subsidiary companies had financial income in 2024 of Baht 123.01 million, which increased from the previous year by Baht 50.17 million, accounted for 68.88 percent. This was due to an increase in interest received; and

(2) The Company and subsidiary companies had financial expenses in 2024 of Baht 82.30 million, which decreased from the previous year by Baht 3.26 million or 3.81 percent. This was due to a decrease in loan.

Gross Profit	Coal Business		Ethanol Business and Soil Conditioner Byproduct		Total	
	Million Baht	%	Million Baht	%	Million Baht	%
Year 2024						
Revenues from sales	18,521.24	100.00	2,262.04	100.00	20,783.28	100.00
Less Cost of sales	9,264.95	50.02	2,048.87	90.58	11,313.82	54.44
Gross Profit	9,256.29	49.98	213.17	9.42	9,469.46	45.56
Year 2023						
Revenues from sales	20,228.89	100.00	2,644.78	100.00	22,873.67	100.00
Less Cost of sales	9,275.92	45.85	2,414.48	91.29	11,690.40	51.11
Gross Profit	10,952.97	54.15	230.30	8.71	11,183.27	48.89

GROSS PROFIT

Gross profit of the Company and subsidiary companies in 2024 totaled Baht 9,469.46 million or 45.56 percent of the sales revenue, which decreased from the previous year with the gross profit of Baht 11,183.27 million or 48.89 percent of the sales revenue, due to the following reasons:

(1) Gross profit from coal business in 2024 totaled Baht 9,256.29 million or 49.98 percent of the sales revenue, which decreased from the previous year with gross profit of Baht 10,952.97 million or 54.15 percent of the sales revenue. This was due to a decrease in the average coal selling price of 10.69 percent; and

(2) Gross profit from ethanol business and soil conditioner byproduct in 2024 totaled Baht 213.17 million or 9.42 percent of the sales revenue, which decreased from the previous year with gross profit of Baht 230.30 million or 8.71 percent of the sales revenue. This was due to a decrease in the ethanol sales volume of over 15.49 percent.

Net Profit	Unit	Year 2024		Year 2023		Increase (Decrease)	
		Million Baht	%	Million Baht	%	Million Baht	%
Profit from Coal Business	Million Baht	1,593.94	95.78	1,948.88	93.33	(354.94)	(18.21)
Profit (Loss) from Ethanol Business and Soil Conditioner Byproduct	Million Baht	11.46	0.69	15.44	0.74	(3.98)	(25.78)
Share of income from associated companies	Million Baht	58.78	3.53	123.79	5.93	(65.01)	(52.52)
Net Profit	Million Baht	1,664.18	100.00	2,088.11	100.00	(423.93)	(20.30)
Net Earnings per Share	Baht per Share	3.17		3.98		(0.81)	(20.30)
Remark: Registered par value of Baht 1 per share							

NET PROFIT

The net profit of the Company and subsidiary companies in 2024 totaled Baht 1,664.18 million, which decreased from the previous year by Baht 423.93 million, and net earnings per share was Baht 3.17 per share, which decreased from the previous year by Baht 0.81 per share or 20.30 percent, due to the following reasons:

(1) Net profit from coal business derived from shareholding proportion of the Company in 2024 was Baht 1,593.94 million, which decreased from the previous year by Baht 354.94 million or 18.21 percent. This was due to a decrease in the average coal selling price as described above.

(2) Net profit from ethanol business and soil conditioner byproduct derived from shareholding proportion of the Company in 2024 was Baht 11.46 million, which decreased from the previous year by Baht 3.98 million or 25.78 percent. This was due to a decrease in the ethanol sales volume as described above; and

(3) Share of income from associated companies totaled Baht 58.78 million, which decreased from the previous year by Baht 65.01 million or 52.52 percent due to a decrease in the profit of associated companies.

EARNINGS EFFICIENCY

(1) EBITDA (Earnings before financial expenses, corporate income tax, depreciation and amortization) of the Company and subsidiary companies in 2024 was Baht 5,611.32 million, which decreased from the previous year by Baht 1,160.27 million or 17.13 percent, and EBITDA margin was at 26.77 percent, which decreased from the previous year by 9.15 percent.

(2) The net profit margin of the Company and subsidiary companies in 2024 was 12.85 percent, which decreased from the previous year by 12.45 percent.

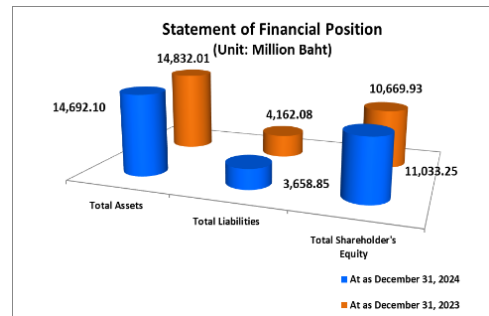
(3) Return on equity of the Company and subsidiary companies in 2024 was 20.02 percent, which decreased from the previous year by 25.51 percent.

(4) Return on total assets and return on fixed assets of the Company and subsidiary companies in 2024 were 18.25 percent and 78.14 percent, which decreased from the previous year by 19.44 percent and 15.14 percent, respectively.

STATEMENTS OF FINANCIAL POSITION

Description	Unit	As at December 31, 2024	As at December 31, 2023	Increase (Decrease)	%
Total Assets	Million Baht	14,692.10	14,832.01	(139.91)	(0.94)
Total Liabilities	Million Baht	3,658.85	4,162.08	(503.23)	(12.09)
Total Shareholders' Equity	Million Baht	11,033.25	10,669.93	363.32	3.41
Book Value	Baht per Share	16.22	15.44	0.78	5.05
Remark: Registered par value of Baht 1 per share					

ASSETS: The total assets of the Company and subsidiary companies as at the end of 2024, were Baht 14,692.10 million, which decreased from the end of 2023 by Baht 139.91 million or 0.94 percent, due to (1) current assets increased by Baht 135.76 million or 1.57 percent, consisting of: (A) cash and cash equivalent increased by Baht 479.21 million or 11.11 percent; (B) trade accounts receivable and other accounts receivable decreased by Baht 408.16 million or 19.22 percent; (C) inventories decreased by Baht 178.01 million or 31.23 percent; and (D) other current assets most of which were corporate income tax, advance payment for goods, etc., increased by Baht 242.72 million or 14.92 percent; and (2) non-current assets decreased by Baht 275.67 million or 4.45 percent.



LIABILITIES: The total liabilities of the Company and subsidiary companies as at the end of 2024 were Baht 3,658.85 million, which decreased from the end of 2023 by Baht 503.23 million or 12.09 percent, due to (1) trade accounts payable and other accounts payable increased by Baht 106.65 million or 18.46 percent (2) accrued expenses, most of which were overburden removal expenses and freight cost, etc., decreased by Baht 304.52 million or 32.92 percent (3) other liabilities, most of which were deferred tax, provision for mine rehabilitation of the subsidiary companies, and allowance for long-term benefits of employees, etc., decreased by Baht 51.22 million or 5.62 percent; and (4) short-term loan and long-term loan of the subsidiary companies decreased by Baht 254.14 million or 14.53 percent.

TOTAL SHAREHOLDERS' EQUITY: The total shareholders' equity of the Company and subsidiary companies as at the end of 2024, was Baht 11,033.25 million, which increased from the end of 2023 by Baht 363.32 million or 3.41 percent, resulting in an increase of the share's book value from Baht 15.44 per share to Baht 16.22 per share, an increase of Baht 0.78 per share or 5.05 percent. This was due to (1) an increase in retained earnings from net profit of Baht 455.75 million or 6.76 percent, resulting from an increase in net profit of Baht 1,664.18 million, but there was dividend payment of Baht 1,207.50 million and a comprehensive loss adjustment of Baht 0.93 million (2) a decrease in translation adjustment in financial of Baht 45.88 million or 28.56 percent; and (3) a decrease in minority shareholders' equity of Baht 46.55 million or 1.82 percent.

CASH FLOWS

Description	Unit: Million Baht	
	Year 2024	Year 2023
Cash Flows from (used in) Operating Activities	4,158.91	3,752.84
Cash Flows from (used in) Investing Activities	(1,111.80)	(2,382.61)
Cash Flows from (used in) Financing Activities	(2,569.34)	(2,663.73)
Increase (Decrease) in Translation Adjustments in Financial Statements	(107.06)	(33.42)
Net Increase (Decrease) in Cash	370.71	(1,326.92)
Cash at the beginning of the period	1,701.75	3,028.67
Cash at the end of the period	2,072.46	1,701.75

(1) The net cash from operating activities of the Company and subsidiary companies in 2024 totaled Baht 4,158.91 million, consisting of (A) income before corporate income tax and interest expense of Baht 4,295.11 million (B) transactions that did not affect the cash such as depreciation and amortization of assets, most of which were transactions concerning coal mining operations of the subsidiary companies in Indonesia of Baht 1,448.38 million (C) a decrease in operating assets of Baht 391.60 million (D) a decrease in operating liabilities of Baht 97.30 million (E) interest received of Baht 115.41 million; and (F) interest expenses and corporate income tax of Baht 1,994.29 million.

(2) The net cash used in investing activities of the Company and subsidiary companies in 2024 totaled Baht 1,111.80 million, consisting of (A) an increase in properties, buildings, and equipment, most of which were the construction cost and the expansion of the port and jetty of the subsidiary company in Indonesia, of Baht 218.10 million (B) an increase in expenses of coal mine projects of the subsidiary companies in Indonesia of Baht 706.60 million (C) an increase in short-term capital investment and other items of Baht 28.01 million (D) a decrease in loans to related parties of Baht 24.33 million (E) dividend received from associated companies of Baht 11.32 million; and (F) an increase in cash paid for transferring service fees of Baht 194.74 million.

(3) The net cash used in financing activities of the Company and subsidiary companies in 2024 totaled Baht 2,569.34 million, consisting of (A) a decrease in loans of Baht 286.44 million (B) dividend payment of Baht 2,253.53 million; and (C) a decrease in minority shareholders' equity of Baht 29.37 million.

ASSET MANAGEMENT CAPABILITY

(1) The trade accounts receivable and other accounts receivable of the Company and subsidiary companies as at the end of 2024, were 11.68 percent of total assets.

(2) The inventory of the Company and subsidiary companies as at the end of 2024, was 2.67 percent of total assets.

(3) The Company's goodwill incurred from investment in the subsidiary company as at the end of 2024, accounted for 1.27 percent of total assets.

LIQUIDITY AND SUFFICIENCY OF CAPITAL

(1) The current ratio and the quick ratio of the Company and subsidiary companies as at the end of 2024, were as high as 3.27 times and 2.03 times, respectively. In addition, the Company and subsidiary companies have sufficient credit facilities for future working capital.

(2) The total debt-to-equity ratio of the Company and subsidiary companies as at the end of 2024, was as low as 0.33:1 with appropriate capital structure. The Company has cash generation and credit facilities sufficient for future investment projects.

(3) The cash cycle of the Company and subsidiary companies in 2024 was at 32 days, a decrease from the previous year of 1 day. The average debt collection period was 32 days, an increase from the previous year of 1 day. The average inventory turnover was at 15 days, a decrease from the previous year of 3 days, but the average debt repayment period was at 15 days, a decrease from the previous year of 1 day.

DEBT OBLIGATION

The subsidiary company in a business of ethanol production and distribution for fuel purpose has obligation according to the terms and conditions of the loan agreement with a local commercial bank, which is the lender as follows:

(1) The subsidiary company must maintain its D/E ratio (Debt to Equity Ratio) not exceeding 2.5 times and DSCR (Debt Service Coverage Ratio) of no less than 1.1 times until the expiration of the loan agreement. As at the end of 2024, the subsidiary company is able to maintain the D/E ratio and DSCR as required by the contractual obligation of the loan without any default.

(2) The lending bank has stipulated that the Company must maintain its shareholding proportion in the subsidiary company of no less than 50 percent of the total number of shares during the whole duration of the loan agreement. Accordingly, the Company has no plan to sell or decrease its shareholding proportion in the subsidiary company to below 50 percent of the total number of shares.

(3) The lending bank has stipulated that the subsidiary company cannot pay dividend to its shareholders, including the Company, if the subsidiary company cannot comply with the conditions as stipulated within the loan agreement, such as the maintenance of D/E ratio (Debt to Equity Ratio), DSCR (Debt Service Coverage Ratio), and shareholding proportion of the Company in the abovementioned subsidiary company, etc. Accordingly, the subsidiary company has never breached the conditions of loan agreements and has been provided with good financial support from lending banks.

FUTURE TREND

Coal Business: Coal prices in the 1st quarter of 2025 are anticipated to decline slightly due to the lack of positive factors and unclear impact of China's economic stimulus measures. Additionally, the policies and measures of the United States of America under the new President may have certain impacts to several countries in Asia, including China's economic stimulus measures, as well as many countries are shifting toward renewable energy and reducing coal usage in power generation, leading to slowdown in coal demand. The Power Development Plan (PDP) focuses on increasing electricity generation from renewable sources, including solar, wind, biomass, and municipal waste, with its share expected to rise each year and may reach 51 percent of total energy by 2037. In this regard, the Company and subsidiary companies have placed importance on the Environmental, Social, and Governance ("ESG"), and continuously aim for sustainable development on renewable energy to mitigate environmental impacts and greenhouse gas emissions, ensuring sustainable growth of the Company and subsidiary companies in long term. Despite these trends, it is anticipated that coal business will remain profitable and continue to generate satisfactory operating results in 2025.

Ethanol Business: The ethanol demand in year 2025 is anticipated to increase as the government considers liberalizing ethanol sale for purposes other than fuel production, thereby expanding distribution channels for ethanol. The supply of molasses, which is the main raw material for ethanol production, is expected to rise due to higher rainfall compared to the previous year. As a result, molasses prices, which is a major cost, are anticipated to decline.

Overall Business: The global economic outlook for 2025 is anticipated to decline due to the ongoing slowdown in the China's economy. Nevertheless, the overall operating results of the Company and subsidiary companies in year 2025 are expected to remain profitable with satisfactory performance.
