2 Risk Management

2.1 Risk Management Policy

In todays dynamic business environment, organizations operate amid numerous variables, experiencing volatility, complexity, and ongoing changes driven by both internal and external factors. These conditions give rise to uncertainties that may result in events categorized as either opportunities or risks. Opportunities refer to elements that generate value for the organization, while risks encompass those that could adversely affect the organization, whether financially or otherwise.

Effective risk management is essential for safeguarding the organization and facilitating the achievement of its objectives. The development of a risk management report forms an integral part of corporate governance best practices, supporting sustainable business growth. This report provides a structured approach to monitoring and communicating risk management activities with prudence, transparency, and efficiency, thereby enhancing the organizations reputation and delivering added value over the short, medium, and long term.

Scope of Risk Management
The scope of risk management at Golden Lime Public Company Limited and its subsidiary, Thai Marble Corporation, Limited, encompasses all organizational activities and processes. This includes the identification and management of emerging risks, strategic decision-making, technological advancements, operational practices, legal and regulatory compliance, financial oversight, investment management, and securities.

Risk management policy and plan

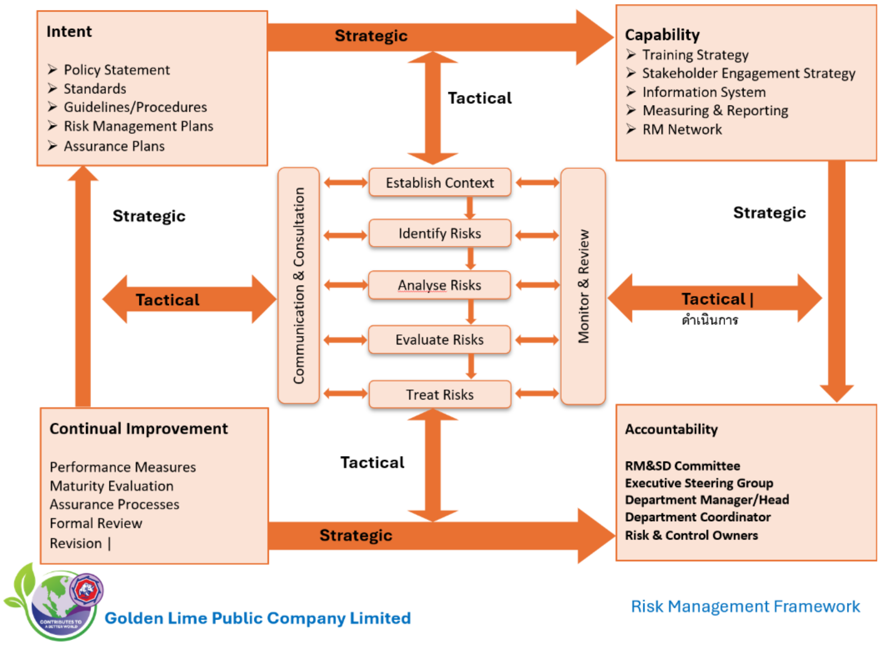
The Board of Directors has established the Risk Management Committee, which includes Board members and Executives, to oversee enterprise risks that could impact ESG sustainability and crisis management for business continuity. This RM committee will hold regular meetings with Executives and department heads, including additional sub-meetings to address issues that may affect the Company's operational continuity. The Risk Management Committee understands the critical need to implement a risk management system that aligns with international standards when risks or issues arise. To support this objective, the Company has developed a Risk Management Policy based on the following framework.

1. Define risk management as a responsibility for all employees at all levels to be aware of operational risks including sufficient and appropriate risk management in sustainability development, crisis management for business continuity.
2. Encourage employees at all levels to embrace risk assessment and management in all critical operations and investment projects as well as continuously develop to create a risk management culture throughout the organization for confidence among the shareholders and SUTHA’s stakeholder.
3. Support the corporate use of technology for corporate and sustainability risk management and report on risk management to be examined by the committee or those appointed to ensure efficient risk management.
4. All risks that impact corporate achievement and business continuity shall be
   - 4.1) Identified in a timely manner
   - 4.2) Assessed with regard to likelihood of occurrence and the its impact
   - 4.3) Treated such risk in a manner that is in line with the Company’s Risk Management Framework with regards to costs and benefits of the treatment
   - 4.4) Monitored to ensure that they are appropriately managed
   - 4.5) Reported all high-possible risks which may affect the Company’s business sustainability plan and financial corporate strategies to the Risk Management Committee or Audit Committee or Board of Directors

In 2025, SUTHA implemented a risk management policy, identifying key risk factors impacting its business operations and performance. Although mitigation steps were taken last year, risks remain and may increase due to economic trends, environmental issues, and strong competition in the lime, calcium carbonate, and marble markets. Furthermore, the Company was also affected by changes in its core customer industries, which faced a slump, impacting on its performance last year.

Short-term management plans:
-Implementing organizational restructuring and minimizing non-essential expenditures
-Procuring and importing fuel to effectively manage fuel cost volatility
-Selling imported fuel to generate supplemental profit
Medium- to long-term management plans:
-Maximize resource and asset efficiency
-Ensure quality raw material sourcing
-Invest in process and product improvements
-Manage inventory to reduce excess stock and free up capital
-Develop new products and grow the customer base
-Control cash flow and stabilize revenue
These measures are designed to mitigate potential disruptions to business operations. Ongoing monitoring and prompt execution are critical for adapting to evolving conditions. The Risk Management Committee is responsible for ensuring all actions aligned with established policies, frameworks, and risk management processes, and for preparing reports to inform the Board of Directors, shareholders, and stakeholders of ongoing progress.

Risk Management Framework and Responsibilities



Risk Management Framework

SUTHAs Risk Management Framework consists of the Board of Directors approving the risk management policy framework and appointing a sub-committee, the Risk Management and Sustainability Development Committee (RM_SD), responsible for oversight in accordance with its charter and defined responsibilities. This committee ensures effective implementation of risk management and sustainability governance across the organization. It supervises processes at the departmental level to manage and control risks related to critical operational areas within each business unit and oversees operational units to ensure compliance with responsibilities, guidelines, standards, procedures, and legal and regulatory requirements.

The Board has established the scope and responsibilities under the risk management policy, defining roles and accountability for implementing and managing organizational risks as follows:

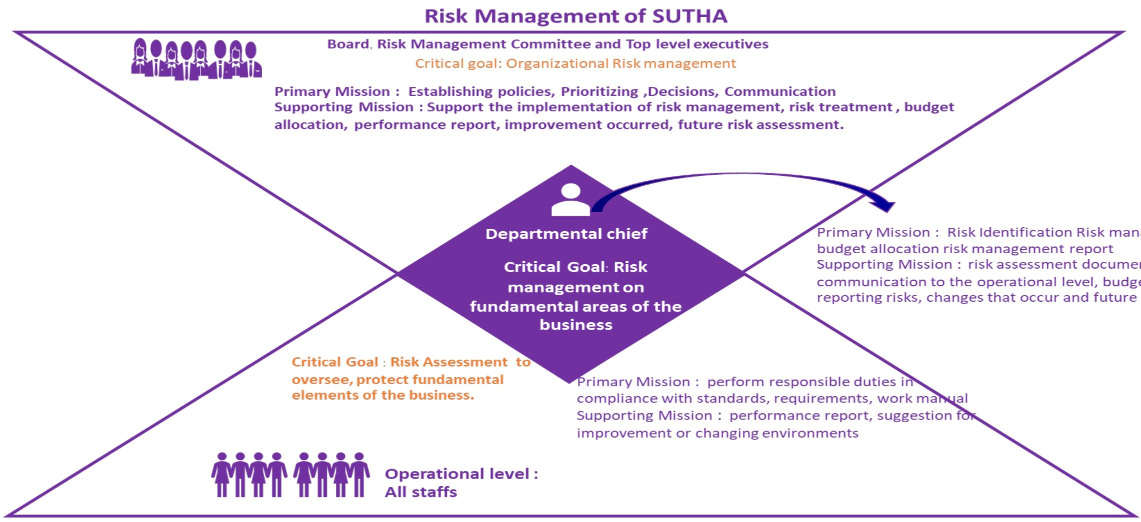
Scope of Duties and Responsibilities

Related Persons	Duties and Responsibilities
Board of Directors (BOD)	• Approve the Risk Management Policy / Charter / Report including understanding all possible risks that may affect the business operations in various terms and ensure that there are effective measures to manage such risks
Audit Committee (AC)	• Ensure that there is a sufficient internal control system to manage the risks entire the organization • Supervise and monitor risk management independently • Follow-up the effectiveness of the Internal Control Auditor's operation • Report to the Board of Directors and Shareholders regarding the internal control audit result • Give opinions or communicate with the Risk management Committee in order to understand the potential risks that related to the internal control system
COMEX	• Managing in compliance with the company's business objectives while supervising and evaluating operations to ensure efficiency, and reviewing management results to control potential risks.
Risk Management and Sustainability Development Committee (RM_SD)	• Establish and review the Risk Management Policy and the guidelines to manage the Company's business crises. • Drive all risk management implementation practices; risk assessment, risk treatment, identifying emerging risks • Determine Risk Appetite aligned with corporate strategy and value. • Oversee and support enterprise risk management to align with business strategies and objectives, Establish guidelines for managing crises and changes that could impact various business operations, Integrate enterprise risk management, sustainability risk management, and internal control to ensure business practices are aligned with sustainability development framework. • Suggest and follow-up to evaluate the potential risk management including the guidelines or the measure of prevention, control or mitigation (Mitigation Plan) for the development of risk management system continuously. • Supervise to assign the Management to implement the ESG risk and enterprise risk management plan to minimize the impact including follow-up, review to ensure sufficient and appropriate organizational risk management plan. • Enhance and advance ESG risk and enterprise risk management to encompass all internal and external

Risk Management and Risk Factors

Related Persons	Duties and Responsibilities
	levels, while fostering relationships with key stakeholders to collaboratively reduce risk impacts on the business. • Any significant factors or events that could greatly impact the Company, such as strategic, sustainability, financial, or operational risks, should be communicated to the Executive Committee and the Board of Directors. In urgent situations, the report should be promptly notified through email or the designated channel.
Managing Director / Deputy Managing Directors	• Allocate needful budget in implementing risk management. • Monitor enterprise risks to ensure effective and appropriate measures. • Monitor strategic risks, ESG risks, financial risks, core operational risks, emerging risks affecting sustainability development. • Advocate for the Risk Management Policy and make sure it is applied and adhered to in all departments. • Monitor key strategic and operational risks and ensure that appropriate risk management plans are in place. • Promote a risk management culture and ensure that all managers or department heads prioritize risk management in their departments, take action to assess key risk issues related to their areas of responsibility, and jointly develop plans to implement risk management appropriately without affecting internal and external stakeholders.
HR Department	• Establish practical communication in building a risk-aware culture to all employees by providing them with knowledge and clear practices to apply risk management practices into the everyday routines of all employees.
Manager or Head of Department / Risk Department Coordinator or RM&SD committee coordinator	• Familiarize with the risk management and control manual to ensure that team members are aware of and comprehend the risk management guidelines applicable to their work processes. • Ensure efficient risk assessment, risk treatment, risk mitigation to prevent impact to the business. • Provide timely and adequate risk reporting, including regular assessment, review, and identification of any risk topics or factors that may impact the business scope or areas of responsibility. • Promote and raise awareness of ESG risk and enterprise risk
Management	• Departmental chiefs appointed by the AC to assess efficiency of internal controls, identify and annually assess enterprise risk
Supervisor and Employees	• Identify and report the risk to the supervisor and actively involve in the formulation of a risk management plan and report
Internal controls representative	• Prepare the internal control system audit plan and coordinate with external auditors. • Report the results of the internal control system audit to the Audit Committee.
Internal Audit	• Review the effectiveness of internal controls by an annual internal controls system audit of key business processes and monitoring the rectification of any deficiencies
Auditor	• Review, verify, prepare financial report
Risk Owner	• Follow the risk management procedure to ensure that risks are properly managed
Employees	• Follow risk management policy and practices to manage risks related to duties and responsibilities and evaluate both internal and external factors to assess risks to establish timely risk treatment

Risk Management Plan



Risk management is a continuous process within the organization and is integrated into the Company's business activities to ensure activities are aligning with strategies, accomplish missions and objectives. Employees at all levels are actively involved in identifying, planning, and implementing risk management as a corporate culture to create strategies to mitigate the risks and develop effective risk response strategies into routine operations.

1) Top executives' level

- Board of directors, RMC and all top executives
- Core Mission: Policy establishment, Prioritization, Decision making, communication.
- Core Mission support: Encourage Policy into practices; verifying risk management measures, allocating budget, Risk management performance report ,risk assessment and communication

2) Management and departmental level

- Departmental chief
- Focus on Risk management regarding critical business processes of the organization
- Core Mission ; Risk identification , Risk assessment , resources allocation, report on risk management results
- Core Mission support: Risk assessment documentation, risk communication

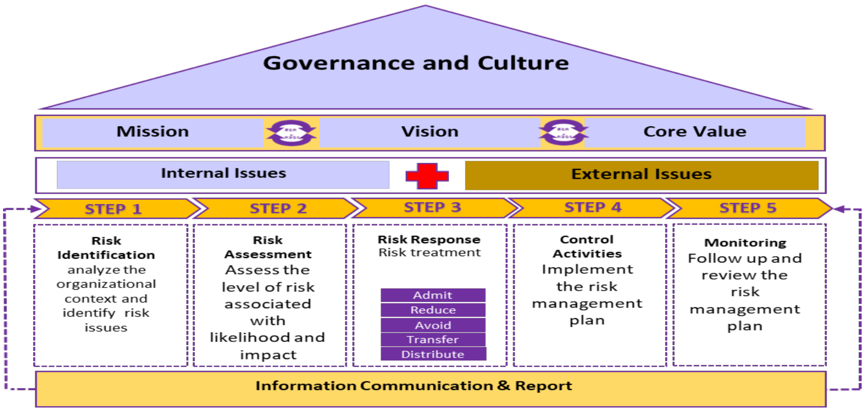
3) Operational level

- Employees at operational level
- Focus on protection of corporate asset
- Core Mission ; Perform their duties to comply with requirements, manuals, work standards, rules and regulations completely and correctly
- Core Mission support: Performance report, risk issues report

2.2 Risk Factors

SUTHA applied the 2017 COSO Enterprise Risk Management - Integrated Framework (2017 COSO ERM) for Risk management Process throughout its organization and has developed a Risk Management Manual in line with the 2017

- COSO ERM. (GRI: 3-1)



Governance and Culture

SUTHA has established the following risk management culture:

SUTHAs Enterprise Risk Management Culture The executives and the board have laid the foundation for corporate governance and actively promote the importance of risk and crisis management across all departments. Personnel at all levels work together to enhance efforts in identifying, assessing, monitoring, preventing, and mitigating significant risks and their impacts. Their emphasis is on prioritizing critical risks, preparing comprehensive reports, and ensuring clear communication. Effective coordination is vital to enhance knowledge and understanding, thereby encouraging systematic practices. SUTHA is dedicated to nurturing a culture of risk management.

Strategy & Objective Setting

SUTHA has developed a strategic framework for managing risks to guarantee that different business processes meet their goals. This framework encompasses several key components for effective risk management.

• **Internal Environment:** The Risk Management and Sustainability Development Committee has established a risk management culture throughout the organization and defined the acceptable risk levels based on the internal environment. This serves as a foundation and guideline for the organizations personnel to initiate and integrate risk management practices. It also outlines how to manage significant issues or impacts by adopting the framework of four key behaviors for personnel to collaboratively drive risk management development as follows:

Honest Feedback: from personnel at all levels as a foundation for gathering unbiased information based on experience and expertise. This collective knowledge will be used to analyse events by identifying risks and impacts from both internal and external factors.

Collaboration: involves board members, executives, and all personnel working together to reach shared objectives and meet their obligations including managing risks effectively within their areas of responsibility, reporting of risk issues, creating indicators and management strategies to mitigate, avoid, transfer, or distribute risks, and establishing a risk threshold of acceptable variation around an objective that reflects the risk appetite of the organization.

Ownership: Departments involved with significant risks must be genuinely committed to management and accountability via establishment of concrete indicators to monitor and reduce the likelihood and severity of significant impacts, implementation to mitigate such impacts to ensure continuity of the process and achieve operational goals.

Passion: Commitment, and dedication in driving the integration of risk management into business activities. Personnel at all levels are dedicated to their responsibilities and collaborate to foster significant growth to ensure business evolves into a visionary organization that operates sustainably.

- **Objective Setting:** Operational targets recognize possible events that may impact the achievement of these goals and create risk management guidelines to ensure that the goals and targets align with the organization's mission and acceptable risk levels.
- **Event Identification:** Events are those that either provides an opportunity or poses a risk to achieving the operational objectives. This can either arise on account of external factors or on account of internal factors and are measurable. When opportunities are identified, executives will reintegrate them into the strategy and objective-setting processes.
- **Risk Assessment:** Identified risks or those indicated by event analysis and linkage are evaluated using established criteria to assess the likelihood and level of risk from those events. The results are used to prioritize risk management measures. The assessment considers both inherent risks (natural risks) and residual risks (remaining risks), taking into account the probability of occurrence and the impact of those risks.
- **Risk Response:** Organizational personnel identify and evaluate possible risk response strategies, including avoidance, reduction, sharing, and acceptance of risks. Management selects the appropriate response strategies that align with the organization's acceptable risk levels.
- **Control Activities:** Policies and procedures are established and implemented to ensure that the chosen risk response strategies are effectively carried out to completion.
- **Information and Communication:** Relevant information must be identified, collected, and communicated in a format and timeframe that allows personnel to perform their responsibilities effectively. Information is essential at all levels of the organization for identifying, assessing, and responding to risks. Effective communication must occur and be understood broadly, from top to bottom, between departments, and from bottom to top. All personnel must receive clear communication about their roles and responsibilities.
- **Monitoring and Audit:** The entire risk management process of the organization must be monitored, evaluated, and adjusted as necessary. This approach ensures that the organization can respond to any situation and adapt to changing conditions. Monitoring and evaluation can be conducted through ongoing management activities or separate assessments of the organization's risk management, or both. Internal audits of the risk management process are conducted regularly each year.

Risk Management Plan Year 2025

		Risks Factor : (Yes / No)
Code	**Risk Issues**	**Risk Factor**
E	Emerging Risk	
E1	The driving of sustainability goal-setting and regulatory changes to enforce ESG practices encompassing environmental, social and governance management. Governance), emerging risk from climate change	Yes
E2	Geopolitical Risks Updated / Add Scope	Yes
E3	Risk/Opportunity from adopting advanced technologies such as AI, IoT, Automation, and CCS (Carbon Capture and Storage) New	No
S	Strategic Risk & ESG Risk	
S1	Technology Development	No
S1.1	Carbon capture and storage technologies progress below than stakeholder expectations	No
S1.2	Risk from Investment in Biomass or Low-Carbon Fuel Transition Projects	No
S2	Risk arising from economic uncertainty New	Yes
S2.1	Economic uncertainty affects both the unpredictability of customer demand and the pressure in allocating expenditure budgets New	Yes
S3	Changes in behavior or needs of customers / consumers	No
S3.1	Demand on environmental care products, low carbon products, or green label products	No
S3.2	Electronic tax invoices and transactions, digital contracts or " e-Contract"	No
S4	Changes in government policy and enforcement of new laws or regulations.	No
S4.1	Legal, Regulatory, and Compliance Risks of the Company	No
S4.2	Implementation, development, and allocation of operating resources to ensure standard processes consistent with the changing methods.	No
S5	Changes in international policies or agreements related to business operations	No
S5.1	Additional sustainability and ESG assessment initiated and arranged by the major shareholders for certification by Third party	No
S6	Technology advancement	Yes
S6.1	Digital transformation	No
S6.2	Stakeholder satisfaction survey technology	No
S6.2	High investment in the Modification of Technology and machinery control system	Yes
S6.4	IT security and cybersecurity systems rely on both hardware and software, often involving service providers from the public network. This can introduce various risk factors. Managing cybersecurity and business continuity can lead to significant investment costs for necessary changes and ongoing expenses to maintain the system's hardware, software, and protective devices, ultimately increasing IT costs.	Yes
S7	Changes caused by trading partners or operators in the supply chain change their trade patterns	Yes
S7.1	Raw material producers, suppliers / Subcontractor	No
S7.1.1	Trading partners as producers of limestone, dolomite and calcite.	Yes
S7.1.2	Stone crushing partners contracted to produce products that are by-products from limestone quarries.	Yes
S7.2.1	Fuel / Coal suppliers and distributors	Yes
S7.2.2	Purchasing and importing fuel from abroad and risks from the sea transportation process	No
S7.3	Refractory brick producer	No
S8	Dependence on the major shareholder or affiliates of the major shareholder or executives	Yes
S9	Over -Reliance on one customer/ few customers / Marketing Risks	Yes
S9.1	Marketing risks and opportunities from crises or changes in the Company's customer industries	Yes
S9.2	High competition risk	Yes
S9.2.1	Competition risk | The risk arising from increased competition, including the ease of market entry by new competitors, which may impact market share, pricing power, and profitability. New	No
S9.3	Risks and opportunities in Export sales to CLMV countries	Yes
S9.4	Marketing risks from Cost fluctuation	Yes

Risk Management and Risk Factors

		Risks Factor : (Yes / No)
Code	**Risk Issues**	**Risk Factor**
S9.5	Risk of Noncompliance with sales agreement (Product responsibility to customers)	Yes
S9.6	Risk of Development of new products and customers' product trials	Yes
S10	Dependency on a few distributors or trading partners	Yes
S11	Corporate Image and reputation	No
S12	Risk from Investment in New Business Ventures New	No
S13	Risk Related to Shareholding Structure New	No
S14	Environmental, Social, and Governance (ESG) Risk New	Yes
S15	Risk from Infectious Disease Outbreaks New	No
S16	Impact of Measures to Reduce Slow-Moving and Non-Moving Inventory New	Yes
O	Management and operational risk	
O1	Key Person Dependency Risk New	No
O2	Losing an employee in important positions	No
O3	Shortage of proficient workers	No
O4	Shortage of raw materials or production factors	No
O4.1	Sufficiency of limestone raw materials /Dolomite - sufficient raw material (stone) / - Raw materials possess chemical characteristics that align with the specifications required by the customer.	No
O4.2	Sufficiency of limestone raw materials /Dolomite - sufficient raw material (stone) / - Raw materials possess chemical characteristics that align with the specifications required by the customer.	No
O4.3	Sufficiency of limestone raw materials /Dolomite - sufficient raw material (stone) / - Raw materials possess chemical characteristics that align with the specifications required by the customer.	No
O5	System that has errors or failures or lack of good standards and controls	No
O5.1	Corporate Governance Systems and Processes New	No
O5.2	Risk management systems across the organization	No
O5.3	Internal Control	No
O5.3.1	Order to cash	No
O5.3.2	Purchase to pay	No
O5.3.3	Account and Financial Reporting	No
O5.3.4	Production	No
O5.3.5	Inventory Management and Production Costing	No
O5.3.6	Fixed Asset Management	No
O5.3.7	Human Resources Management and Payroll	No
O5.3.8	Information Management	No
O5.4	Quality Management New	No
O5.5	Health and Safety Management New	No
O5.6	Environmental Control Management New	No
O6	Human error in process New	No
O7	Obsolete Inventory, Noncompliance Slow moving products and Non-moving inventory Updated	Yes
O8	Information or computer system security and cyberattacks	No
O9	Loss or damage from a breaching trading partner	No
O10	Delay of planned projects	No
O11	Invested project in progress not yet Recognizing income	No
O12	Office space rental	No
O13	Safety, occupational health and working environment	Yes
O14	Climate change disaster and the occurrence of unstable weather conditions	No

Risk Management and Risk Factors

		Risks Factor : (Yes / No)
Code	**Risk Issues**	**Risk Factor**
O15	Environmental impact	Yes
O16	Risks and impacts on biodiversity Updated	No
O16.1	Assessment of risks and impacts on biodiversity	No
O16.2	Importance of the location and distance from protected or conserved areas	No
O16.3	Assessment of dependence on ecosystem services	No
O16.4	Assessment of plant and animal species on the IUCN Red List	No
O16.5	Water Depletion Risk	No
O16.6	Pollution from business processes and there are measures to monitor and control and inspection from certified external agencies	Yes
O17	The Effects of Population Structure	No
O18	Human rights impact	Yes
O19	Corruption	No
O20	IT System Failure or Disruption Risk New	No
O21	Inventory Obsolescence and Value Decline Risk New	Yes
O22	Risk of Refractory Brick Wall Damage New	No
C	Compliance Risk	
C1	Changes in regulations and laws regarding business operations	Yes
C2	Social forces on sustainability against current unchanged laws and regulations	No
C3	Regulatory and Legal Constraints on Business Operations New	No
C4	Violations of Laws and Regulations	No
C5	Corporate Governance Risk New	No
C6	Litigation Risk / Reputational and Image Risk New	No
F	Financial Risk	
F1	Insufficient financial resources	Yes
F1.1	Risks and sources of funds and sufficiency and flexibility of working capital	Yes
F1.2	Risk of Liquidity Shortage in Business Operations New	Yes
F1.3	Revenue Volatility Risk New	Yes
F2	Changes in financial and investment policies of financial institutions	No
F2.1	Terms or conditions that are inconsistent with the terms and conditions of the loan agreement that cannot be complied with or, if not complied with, may affect the need to repay the debt before the due date.	No
F3	Default of payment or exchange of goods	No
F3.1	Late payment/default by the Trade Account Receivable	Yes
F3.2	Default of payment to creditors, late payment/default by the clients	No
F3.3	Default delivery of goods and services	No
F3.4	Default delivery of goods and services from Supplier , Subcontract, Vendor, Contractor	No
F4	Exchange rate fluctuations and Inflation fluctuations	Yes
F4.1	Exchange rate fluctuations	Yes
F4.2	Inflation fluctuations	Yes
F5	Fluctuations in ROA and ROI	Yes
F5.1	The risk of fluctuations in the return on assets or investments: in a subsidiary Golden Lime Engineering Co., Ltd. _ GLE	No
F5.2	The risk of fluctuations in the return on assets or investments: in Saraburi Quick Lime Co., Ltd. _SQL	No
F5.3	The risk of fluctuations in the return on assets or investments: in Thai Marble Co., Ltd. _TMC	Yes
F5.4	Investment in Solar Farm	No
F6	The risk of unhedged foreign borrowings	No
SS1	Risks to shareholders	Yes

		Risks Factor : (Yes / No)
Code	**Risk Issues**	**Risk Factor**
SS2	Investment in foreign securities	Yes
TM	Business risks of Thai Marble as a Subsidiary Company	Yes
TM1	Threat of New Entrants:	Yes
TM1.1	Threat of New Entrants (Quarry)	Yes
TM1.2	Threat of New Entrants (Import-Produce-Sale)	Yes
TM1.3	Threat of New Entrants (Trading & Sale/ Dealer)	Yes
TM2	Threat of New Entrants from abroad	Yes
TM3	Threat of Substitution	Yes
TM4	Budgeting risks	Yes
TM4.1	Budgeting Risks: Price War and Low-Margin Market Practices Updated	Yes
TM4.2	Budgeting risks: Cash flow & High inventory New	Yes
TM5	Occupational health and safety risk	No
TM6	Social and environmental risks, stakeholders' risk	No
TM7	Technology Risk	Yes
TM8	late payment/default by the Trade Account Receivable New	Yes
TM9	Climate-related Risks and Disclosure Obligations in Compliance with IFRS S1 and IFRS S2 Standards New	No
TM9.1	Physical risks such as floods, droughts or storms that affect operations. New	No
TM9.2	GHG Scope 1, 2, 3 Emissions New	No
TM9.3	Legal Compliance New	No
TM9.4	Information Disclosure New	No
TM9.5	Stakeholder Engagement New	No
TM10	The recent adjustments to the organizational structure and internal policies throughout the year have established a clear deployment strategy and direction. New	Yes
TM10.1	The direction of restricted human capital and resources. New	Yes

Note:

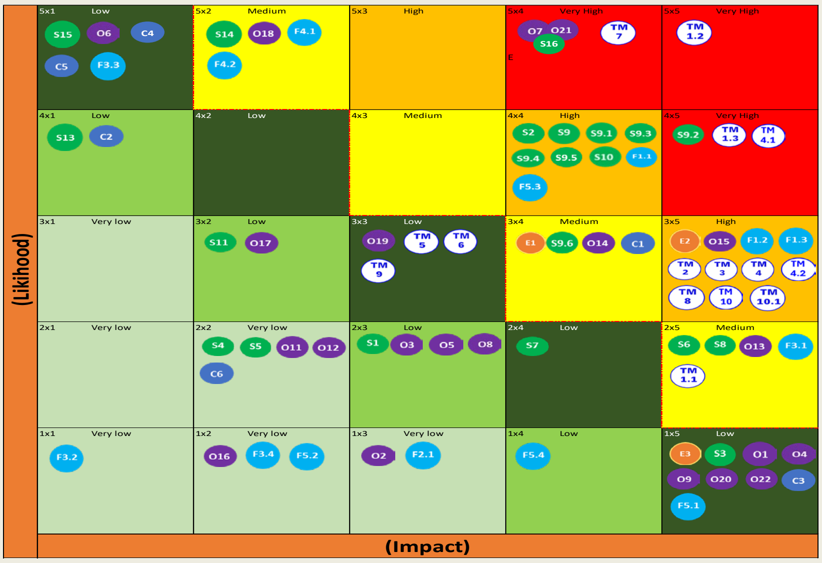
1. **Definitions**
   - **New** refers to risk topics identified or added during the 2025 risk assessment.
   - **Updated / Add Scope** refers to risk topics that have been revised or renamed, with expanded scope or details, while still covering the risk content previously identified in prior years.
2. In 2025, the number of risk topics has been changed, with the sequence now organized according to risk categories.

2.2.1 Risk that might affect the company's business, including environmental, social and corporate governance issues

SUTHA materializes risk issues covering environmental, social, and corporate governance issues that may affect the Company and its subsidiaries operations. Such issues, at present as well as in the future unless no preventive measurement, may impact the entity's business and operations so the risk assessment is implemented to identify risk treatment as a prevention to be informed to stakeholders using a Forward-Looking Statement stated as "believe", "expect", "plan to", "intend to", and "approximate.

The presented business, industry, performance, and other operational forecasts are expectations of events that may happen in the future and therefore may vary materially from our forecast and speculation.

Risk Map Prioritized by Key Risk Factors



Symbol	Risk Type
	Emerging Risk
	Strategic Risk & ESG Risk
	Operation Risk
	Compliance Risk
	Financial Risk
	Share & Securities Risk
	Investment in Subsidiaries Company

E. Emerging Risk

E1 | Climate Change Risk

SUTHA has assessed and established risk management measures related to the impacts of climate change (Climate Change Risk), with an overall summary as follows:

Risk Factors and Impacts

- **Risks from severe global climate conditions:** Increased frequency of natural disasters affecting business operations and supply chains.
- **Physical Risks:** The company has assessed potential impacts from natural disasters that may affect facilities and business processes, including storms, floods, and earthquakes. Key physical risk factors include:
  - Rising temperatures => Higher energy costs, reduced machine efficiency, heat accumulation in fuel storage areas.
  - Increased water demand => Greater water usage for dust and humidity control.
  - Workforce impacts => Reduced health and productivity.
  - Infrastructure and transportation risks => Damage to roads/railways and disruptions in sea and river transport.
- **Transition Risks:**
  - New laws and standards such as IFRS S1 and S2 (TCFD Framework).
  - Higher costs from carbon reduction, carbon taxes, and greenhouse gas audits.
  - Reputation and funding risks if ESG standards are not met.

Risk Assessment Results

- **Risk Level for 2025:** Likelihood = 3, Impact = 4 => Risk Level: Medium (decreased from High in 2023).
- **Physical Risk Assessment:**
  - **Acute Risks:** No severe events impacting production sites (e.g., cyclones, major floods) within the past 5 years.
  - **Chronic Risks:** High risk of drought, water stress, water depletion, and rising temperatures based on WRI Aqueduct Water Risk Atlas.
- **High-risk areas for drought and flooding:** Saraburi and Lopburi provinces (WRI Aqueduct Water Risk Atlas).
  - Drought risk level: **Extremely High**
  - Flood risk level: **Extremely High**

Risk Management Measures

- **Physical Risk Mitigation:**
  - Regular monitoring of temperature and weather conditions.
  - Improve fuel storage and dust control systems.
  - Design water recycling and rainwater harvesting systems to reduce groundwater use.
  - Comprehensive insurance coverage for key assets and marine/river transport.
- **Transition Risk Mitigation:**
  - Establish Risk Management and Sustainability Development Committee to oversee Climate Change strategies.
  - Develop renewable energy projects (e.g., solar) and explore EV infrastructure and biomass energy options.
  - Prepare for IFRS S1 and S2 reporting by 2030.
  - Implement Carbon Reduction Roadmap and carbon data management systems.
  - Secure Directors & Officers (D&O) liability insurance.

- **Competitive Opportunities:**
  - Develop low-carbon products and environmental improvement technologies.
  - Participate in ESG rating programs and build partnerships for carbon reduction technologies.

Key Risk Indicators (KRIs) for Climate Change Risks

Physical Risks:

- Average monthly temperature at plant sites => Alert: >35 degrees Celsius for more than 10 consecutive days.
- Heatwave days => Alert: ≥5 days per month.
- Rainfall below normal => Alert: <20% of 10-year average.
- Water levels in key sources => Alert: <50% capacity.
- Flooding incidents at plant sites => Alert: ≥1 per year.
- Water usage per production unit (cubic meters/on) => Alert: Increase >10% from normal average.

Transition Risks:

- Annual carbon credit cost => Alert: Increase >15% from previous year (Note: Carbon tax not yet implemented in Thailand).
- GHG emissions (Scope 1, 2, 3) => Alert: Not decreasing as planned.
- Share of renewable energy => Alert: <10% by target year.
- ESG rating score (SET or EcoVadis) => Alert: Below required threshold (e.g., below Silver level).
- New climate-related regulations => Alert: >3 per year without adaptation plan.
- Investment in carbon reduction projects => Alert: <80% of planned budget (subject to financial conditions).

Supply Chain and Customer Risks:

- Delays in raw material transport due to weather => Alert: ≥2 times per quarter.
- Production disruptions due to weather => Alert: >5% of monthly capacity.

Summary

Climate change remains a significant medium-level risk. However, the company has implemented proactive measures addressing both physical and transition risks, prepared for sustainability disclosure standards (IFRS S1 and S2), and aligned with TCFD guidelines. Risk management includes addressing water resource risks and contingency planning for potential flooding at plant sites. Although no major impacts have occurred in recent years, continuous monitoring and business continuity planning remain essential.

E2 |Geopolitical Risks Updated / Add Scope

SUTHA has assessed and established measures to manage risks arising from factors related to geopolitical risks, with an overall summary as follows:

Geopolitical Risk Factors

Sources and Nature of Risks

- International wars, e.g., military conflicts affecting supply chains
- Domestic unrest, e.g., protests, coups
- Economic sanctions, e.g., import bans/restricted investments
- Changes in trade and tax policies, e.g., increased import tariffs
- Foreign investment controls
- Regional tensions, e.g., South China Sea disputes

Key Historical Events

- **2022:** Russia–Ukraine war drove energy prices up, impacting production costs
- **2023:** Indonesia's coal cargo insurance policy increased complexity and costs
- **2024:** Middle East conflict (Iran–Israel) pushed global oil prices to $90–$100 per barrel
- **2025:** U.S. trade war raised import tariffs on Thai goods by 25–30%, while Thai–Cambodia border tensions caused year-long checkpoint closures

Business Impacts

- Supply chain disruptions affecting certain products and export processes
- Increased costs (fuel, transportation, tariffs)
- Investment uncertainty
- Impact on reputation and customer confidence

Risk Assessment Results

- **2025:** Likelihood = 3, Impact = 5 => Risk Level = 15 (High)
- **2024:** Likelihood = 3, Impact = 2 => Risk Level = 6 (Low)
- **2023:** Likelihood = 3, Impact = 5 => Risk Level = 15 (High)

Physical and Transition Risks

- **Physical:** Risks from transportation disruptions and border closures

- **Transition:** Fuel adaptation, e.g., shifting from bituminous coal to primarily petcoke, and monitoring biomass fuel development projects to reduce coal dependency. These require government incentives and support to ensure commercial viability and cost control compared to current fuel sources.

Risk Management Measures

- Pricing strategy aligned with costs and market competition
- Capital increase to strengthen liquidity (RO issuance during 2023)
- Procure fuel from low-risk sources and build alliances for co-shipment
- Develop biomass fuel projects (currently under study and delayed due to investment return concerns; high risk if no government incentives)
- Explore new markets or boost domestic sales to offset export declines
- Issue certificates of origin to maintain confidence and mitigate tariff measures (Trump tariffs) for U.S.-bound customers

Key Risk Indicators (KRIs)

- News on wars and conflicts
- Oil and fuel price trends
- Interest rates and monetary policies
- Export volumes to Cambodia and the U.S.
- Fuel stock levels and procurement prices
- Changes in sales by industry

Summary

Geopolitical risks have evolved from war-related fuel price impacts into a broader geopolitical risk category. In 2025, risk levels increased from 2024, returning to 2023 levels. Although energy prices are not as high as in 2023, geopolitical events continue to significantly affect business operations, particularly for products exported to Cambodia and GCC products for U.S. customers impacted by Trump tariff policies.

S. Strategic Risk

SUTHA has assessed and established measures to manage strategic risks. If the assessment indicates a high level of strategic risk, continuous monitoring and management are required to maintain business stability. The key risk factors are as follows:

S2 | Risk arising from economic uncertainty New

Risk Factors

- **External:** Volatile energy and raw material prices, high interest rates, slowdown in China's economy, geopolitical tensions
- **Internal:** Adaptation to megatrends, digital transformation, IT systems and cybersecurity, reliance on major customers and key shareholders

Impact

- Decline in demand from key industries (steel, sugar, construction, chemicals)
- Revenue and liquidity affected, requiring strict cost and expense control
- Risks to reputation, business continuity, and relationships with customers and partners

Mitigation Measures

- Monitor order volumes and industry trends
- Analyze economic factors and adjust production and procurement plans
- Enforce strict cost and expense control
- Develop ERP/IT systems and provide staff training
- Implement Business Continuity Plan (BCP) and diversify risk by expanding customer base
- Assess risks from customers and partners to support procurement and sales decisions

Risk Assessment

- **2025:** Likelihood = 4, Impact = 4 => Risk Level = 16 (High)

Key Risk Indicators (KRIs)

- Order volumes and economic trends
- Energy and raw material prices
- Industry analysis reports for customers
- Promotion and increase of customer segments requiring low-carbon products
- Customer complaints

Summary

Economic uncertainty remains high and is a key factor in strategic considerations, including focusing on sustainability frameworks (ESG), cost control, liquidity management, technology and data system development, diversification of customer and partner base, and continuous monitoring of KRIs to mitigate impacts and maintain competitiveness.

S6 | Technology advancement

Risk Factors

- **Technology for Greenhouse Gas Reduction:** CCS (Carbon Capture and Storage) projects – technology is not yet widely adopted domestically, requires high investment, and faces local limitations; therefore, capital spending for research and development has been delayed.
- **Biomass Fuel System Development:** Project plans postponed to medium- and long-term due to commercial viability concerns and risks such as fire hazards, dust ignition, and explosions, as well as challenges in sourcing sufficient, high-quality, and consistent biomass supply.
- **Digital Transformation Transition:** Current ERP systems are not ready to support potential government mandates for e-Contract and e-Tax systems.
- **IT Infrastructure:** Systems are not fully integrated; some legacy systems remain isolated, causing duplication of data and reliance on manual processes. Risks include downtime from natural disasters (e.g., power outages) and operational disruptions.
- **Supply Chain:** Risks from suppliers, shortages of raw materials meeting customer specifications for certain products, and fuel transportation risks.
- **ESG Compliance:** Risks of non-alignment with FTSE Russell assessment criteria or AI-based evaluations of public disclosures, as current formats and details may not meet required standards.

Impact

- High investment and budget requirements for project development and mitigation measures; some projects may not deliver adequate returns.
- Hardware technology risks: Existing PLC systems for lime kiln control are outdated; spare parts are no longer manufactured, leading to high replacement costs or significant investment for system upgrades.
- Residual risks and potential operational disruptions remain; mitigation requires costly backup systems or generators.
- Loss of competitive opportunities, increased control costs.
- Changing customer demands, increased IT workload.
- Impact on carbon reduction and ESG targets.

Mitigation Measures

- Continue feasibility studies and monitoring for new technologies (CCS, Biomass).
- Develop ERP/IT systems aligned with financial capacity and business needs.
- Train personnel, enhance skills, and implement appropriate cybersecurity measures; raise awareness and understanding among staff.
- Build partnerships with suppliers, create supply chain contingency plans, and secure alternative raw material sources.
- Monitor carbon tax laws, government policies, and ESG standards.
- Track developments in e-Contract/e-Tax systems; improve website and applications.
- Establish Business Continuity Plans (BCP), IT and transportation insurance.

Risk Assessment

- Average assessment for technology change/advancement:
  - **2025:** Likelihood = 2, Impact = 5 => Risk Level = 10 (Medium)
  - **2024:** Likelihood = 2, Impact = 4 => Risk Level = 8 (Low)

Key Risk Indicators (KRIs)

- Number of projects/partners involved in technology development.
- Adoption of CCS in international industries.
- Biomass prices, carbon tax legislation announcements.
- Share of customers requiring green/low-carbon products.
- ESG/FTSE Russell assessment results, stakeholder complaints.
- IT expenses, machine downtime hours, GHG emissions (Scope 1–3).

Summary

New technology risks have yet to deliver adequate returns but remain critical for sustainability. Process and control system technology changes still pose potential risks. Overall, risk level is **Medium**, requiring continuous monitoring and adaptation, including readiness for digital platforms, cybersecurity, ERP, and ESG integration. Future actions must focus on building partnerships, tracking industry and regulatory trends, and preparing personnel and data systems for upcoming challenges.

S9 | Over -Reliance on one customer/ few customers

Risk Factors

- The company relies on only 20–25 key customers, accounting for over 70% of total revenue.
- Risk of losing major customers or reduction in purchase orders.
- Risk from changes in customers' industries, such as steel, sugar, and construction.
- Risk from intense competition and entry of new foreign competitors, impacting export markets and increasing domestic market share competition.
- Risk from fluctuations in production costs and pricing requirements for certain customer segments or industries.

Impact

- Immediate loss of revenue and cash flow if major customers reduce orders.
- Impact on EBITDA and potential deterioration of debt servicing ratios.

- Risk to reputation and market confidence if revenue base and customer count decline in favor of competitors.
- Increased marketing costs to build new market bases and acquire new customers.
- Increased workload and pressure on marketing and support teams.
- Risk to CLMV market expansion if logistics or regulatory constraints arise.

Mitigation Measures

- Diversify customer base to reduce reliance on major customers.
- Develop new products and expand sales channels.
- Establish long-term contracts with key customers to maintain relationships.
- Expand export markets to CLMV and other countries.
- Monitor industry trends and adjust pricing strategies accordingly.
- Enhance product specifications to meet customer requirements.
- Analyze cost structure to support pricing decisions for competitiveness and market share retention.
- Prepare contingency plans for potential loss of major customers.

Risk Assessment

- **2025:** Likelihood = 4, Impact = 4 => Risk Level = 16 (High)
- **2024:** Likelihood = 2, Impact = 5 => Risk Level = 10 (Medium)
- **2023:** Likelihood = 4, Impact = 5 => Risk Level = 20 (Very High)

Key Risk Indicators (KRIs)

- Revenue share from top 25 customers.
- Order volume from major customers.
- Number of new customers acquired.
- Market competition level (Market Share).
- Customer complaints and product returns.
- Sales in CLMV and other international markets.

Summary

Dependence on major customers is a critical strategic risk. The likelihood and severity of impact correlate with competitive intensity, economic conditions, and structural changes in key customer industries.

S9.1 | Changes in Company's customers.

Risk Factors

- Changes in key customer industries such as steel, sugar, construction, and chemicals
- Global economic and geopolitical crises, e.g., trade wars, regional tensions
- Customer transition to new technologies or clean energy
- Risk from customers reducing production capacity, impacting purchase orders

Impact

- Immediate decline in sales if customer industries slow down
- Impact on cash flow and EBITDA
- Risk of losing market share and competitiveness
- Increased marketing costs to acquire new customers or adjust pricing strategies

Mitigation Measures

- Closely monitor industry trends and global economic conditions
- Diversify customer base into lower-risk industries
- Develop new products to meet future customer needs
- Expand export markets to CLMV and other countries
- Establish long-term contracts with key customers to maintain relationships

Risk Assessment

- **2025:** Likelihood = 4, Impact = 4 => Risk Level = 16 (High)
- **2024:** Likelihood = 4, Impact = 4 => Risk Level = 16 (High)
- **2023:** Likelihood = 2, Impact = 5 => Risk Level = 10 (Medium)

Key Risk Indicators (KRIs)

- Order volumes from key industries
- Revenue share from high-risk customer segments
- Production trends in steel, sugar, and construction industries
- Customer complaints and product returns
- Sales in new markets (CLMV)

Summary

Risks arising from crises or changes in customer industries represent a critical strategic risk. The likelihood and severity of impact correlate with competitive intensity, economic conditions, and structural changes in the company's key customer industries.

S9.2 |High competition risk

Risk Factors

- High market competition from existing and new producers
- Entry of foreign competitors with lower production costs
- Risk from price adjustments to maintain market share
- Customer demand shifting toward ESG-compliant and lower-priced products
- Risk from competitors adopting new technologies that enhance production efficiency

Impact

- Market share decline if unable to compete on price and quality
- EBITDA and net profit reduction due to lower selling prices
- Increased marketing and product development costs
- Risk to brand image if unable to meet customer expectations

Mitigation Measures

- Develop high-quality products that meet customer specifications and ESG standards
- Adjust pricing strategies to align with costs and competitive conditions
- Expand into new markets such as CLMV and other high-demand countries
- Invest in technology to improve production efficiency and reduce costs
- Build long-term relationships with key customers and partners

Risk Assessment

- **2025:** Likelihood = 4, Impact = 5 => Risk Level = 20 (Very High)
- **2024:** Likelihood = 4, Impact = 5 => Risk Level = 20 (Very High)
- **2023:** Likelihood = 5, Impact = 5 => Risk Level = 25 (Very High)

Key Risk Indicators (KRIs)

- Market share
- Number of new competitors entering the market
- Order volume from key customers
- Average selling price compared to cost
- Customer complaints regarding quality and pricing

Summary

Intense competition is a critical strategic risk. The likelihood and severity of impact correlate with economic conditions, export performance, cost trends, and changes in customer demand across different industry segments.

S9.3 | Risks and opportunities in Export sales to CLMV countries

Risk Factors

- Regulatory and trade policy uncertainties in CLMV countries (Cambodia, Laos, Myanmar, Vietnam)
- Risks from border closures or logistics restrictions
- Exchange rate volatility and transportation cost fluctuations
- Risks from local market competition and customers establishing their own production facilities
- Risks from changes in consumer behavior and product standards

Impact

- Export revenue may decline if transportation or regulatory restrictions occur
- Increased costs from route adjustments or switching from land to sea transport
- Risk of losing customers in CLMV due to stronger competition or local production
- **Opportunity:** Effective management can increase sales and expand the regional customer base

Mitigation Measures

- Negotiate with customers to use water/sea routes when borders are closed
- Explore new markets in other countries or boost domestic sales as a substitute
- Issue certificates of origin to build confidence
- Closely monitor border situations and trade regulations
- Build business alliances in CLMV to strengthen distribution stability

Risk Assessment

- **2025:** Likelihood = 4, Impact = 4 => Risk Level = 16 (High)
- **2024:** Likelihood = 3, Impact = 4 => Risk Level = 12 (Medium)
- **2023:** Likelihood = 4, Impact = 4 => Risk Level = 16 (Medium)

Key Risk Indicators (KRIs)

- Sales and revenue share from CLMV
- Border opening/closure status
- Transportation costs and exchange rates
- Number of complaints from CLMV customers
- Order volume from CLMV markets compared to targets

Summary

Expanding into CLMV markets represents both a strategic risk and opportunity, influenced by export trends in Laos, Cambodia, Vietnam, and Myanmar. In 2025, the impact of risks from disputes and border closures between Thailand and Cambodia significantly affected exports to Cambodia.

S9.4 |Cost fluctuation

Risk Factors

- High volatility in prices of key raw materials such as fuel (Petcoke, coal), oil, and production inputs
- Risks from exchange rate fluctuations and rising transportation costs
- Uncertainty from trade and tariff policies of partner countries
- Risk of global raw material shortages

Impact

- Increased production costs, affecting selling prices and competitiveness
- EBITDA and net profit decline if selling prices cannot be adjusted in line with costs
- Risk of losing customers due to uncompetitive product price
- Increased liquidity burden from higher working capital requirements

Mitigation Measures

- Develop pricing strategies aligned with costs and competitive conditions
- Diversify raw material source across multiple countries to reduce risk
- Enter into long-term contracts with reliable suppliers
- Develop renewable energy projects, such as converting production support vehicles and transporting trucks to EVs
- Reduce costs and expenses through maintenance optimization, workforce restructuring, cutting unnecessary expenses, and adjusting controllable costs
- Closely monitor raw material price trends and exchange rates

Risk Assessment

- **2025:** Likelihood = 4, Impact = 4 => Risk Level = 16 (High)
- **2024:** Likelihood = 3, Impact = 5 => Risk Level = 15 (High)
- **2023:** Likelihood = 5, Impact = 5 => Risk Level = 25 (Very High)

Key Risk Indicators (KRIs)

- Price trends of key raw materials (fuel, oil)
- Exchange rates and transportation costs
- Ratio of raw material costs to selling price
- Raw material stock levels and procurement volumes
- EBITDA and gross margin

Summary

Cost volatility is a critical strategic risk. This risk is classified as **High** because fluctuations in raw material prices have a direct impact on profitability and liquidity.

S9.5 | Noncompliance with sales agreement (Product responsibility to customers)

Risk Factors

- Risk of non-compliance with sales contract terms, such as product quality and delivery timelines
- Risk from production process control not meeting standards
- Risk from lack of quality monitoring and inspection systems
- Risk from unclear communication between production and sales teams

Impact

- Product returns and customer complaints
- Loss of confidence and damage to corporate reputation
- Increased costs from corrective actions or compensation
- Risk of lawsuits or legal disputes
- Impact on long-term relationships with key customers

Mitigation Measures

- Implement quality control (QC) systems and pre-delivery inspections
- Train employees on product standards and contract requirements

- Use ERP systems to track production and delivery processes
- Develop contingency plans for issues, such as replacement production or compensation
- Communicate contract terms clearly to all relevant parties

Risk Assessment

- **2025:** Likelihood = 4, Impact = 4 => Risk Level = 16 (High)
- **2024:** Likelihood = 5, Impact = 4 => Risk Level = 20 (Very High)
- **2023:** Likelihood = 5, Impact = 4 => Risk Level = 20 (Very High)

Key Risk Indicators (KRIs)

- Number of customer complaints
- Product return rate
- Delivery timelines compared to contract terms
- Number of cases requiring compensation or corrective action
- Quality inspection results before delivery

Summary

The risk of not meeting contracts or customer specifications remains high, but has decreased since 2023 thanks to process improvements. Selling to multiple industries reduces risk but limits control over product consistency due to varying chemical requirements. SUTHA continues to focus on improving product quality to meet customer needs.

S9.6 | Development of new products and customers' product trials

Risk Factors

- Risk of developing new products that fail testing or do not meet customer requirements
- Risk of high resource utilization in research and development (R&D) without generating returns
- Risk of delays in product testing and approval
- Risk of changes in customer standards or requirements during development

Impact

- Loss of competitive opportunities if products fail testing
- High costs from R&D investment without revenue generation
- Risk to reputation and customer confidence
- Impact on cash flow and production plans if delays occur

Mitigation Measures

- Develop clear product development plans aligned with customer needs
- Conduct multi-stage product testing before full-scale production
- Maintain close communication with customers to incorporate feedback
- Prepare R&D budgets carefully and monitor spending
- Create contingency plans for products that fail testing

Risk Assessment

- **2025:** Likelihood = 3, Impact = 4 => Risk Level = 12 (Medium)
- **2024:** Likelihood = 3, Impact = 4 => Risk Level = 12 (Medium)
- **2023:** Likelihood = 3, Impact = 4 => Risk Level = 12 (Medium)

Key Risk Indicators (KRIs)

- Number of new products under testing
- Testing duration compared to plan
- R&D budget versus outcomes
- Number of customer complaints or feedback during trial phase
- Approval rate of new products

Summary

New product development carries strategic risks but is key for growth. Ongoing development needs careful management to limit impacts. Although costly and time-consuming, successful new products can boost market position and support long-term growth.

S10 | Dependency on few distributors or trading partners
S7 | Changes caused by trading partners
S7.1|Trading partners as producers of limestone, dolomite and calcite.
S7.2| Fuel / Coal suppliers and distributors

Risk Factors

- The company relies on a limited number of key suppliers and distributors for raw material sourcing and product distribution, such as limestone and refractory bricks.
- Risk from changes in key suppliers due to financial impacts or policy adjustments.
- Risk from lack of diversity in sourcing and distribution channels.
- Risk of non-compliance with legal requirements or standards by fuel suppliers in certain countries.

Impact

- If supply chain disruptions occur with major suppliers, production processes may be halted.
- Increased costs from finding alternative suppliers or policy changes may affect procurement costs. For example, changes in limestone sourcing policies from subsidiaries could impact asset valuation and business valuation.
- Negative impact on sales and competitiveness.

Mitigation Measures

- Diversify sourcing and distribution channels to reduce reliance on single suppliers, and assess the impact and necessity of dependency on each supplier by selecting options that minimize revenue or customer impact.
- Enter into long-term contracts with reliable suppliers.
- Regularly audit and evaluate suppliers, including compliance with ESG standards.
- Develop contingency plans for raw material sourcing and risk diversification, ensuring quality material sources.
- Build strategic relationships with key suppliers for stability.

Risk Assessment

[S10] 2025: Likelihood = 4, Impact = 4 => Risk Level = 16 (High)
2024: Likelihood = 2, Impact = 5 => Risk Level = 10 (Medium)
2023: Likelihood = 3, Impact = 5 => Risk Level = 15 (High)
[S7.1] 2025: Likelihood = 2, Impact = 5 => Risk Level = 10 (Medium)
2024: Likelihood = 1, Impact = 5 => Risk Level = 5 (Low)
2023: Likelihood = 1, Impact = 4 => Risk Level = 4 (Low)
[S7.2] 2025: Likelihood = 2, Impact = 5 => Risk Level = 10 (Medium)
2024: Likelihood = 4, Impact = 5 => Risk Level = 20 (Very high)
2023: Likelihood = 3, Impact = 4 => Risk Level = 12 (Medium)

Key Risk Indicators (KRIs)

- Number of key suppliers and proportion of purchases from each.
- Level of sourcing diversity.
- Incidents or impacts from dependency or policy changes with key suppliers.
- ESG compliance audit results of suppliers.
- Lead time for raw material procurement during emergencies.

Summary

Dependence on major suppliers or distributors is a critical strategic risk. Overall, the average risk level remains **High**, requiring strategic procurement management measures to ensure business continuity.

S14. Environmental, Social, and Governance (ESG) Risk New

Risk Factors

- Risk of greenhouse gas (GHG) emissions and particulate matter exceeding standards
- Risk from community complaints regarding environmental impacts
- Risk of non-compliance with ESG standards or failure to align with international benchmarks and sustainability performance indicators, such as ESG ratings by FTSE Russell, SET ESG Rating, and EcoVadis
- Risks related to human rights and worker safety
- Risk from lack of ESG data disclosure as required

Impact

- Negative impact on corporate image and stakeholder confidence
- Risk of fines or operational suspension by government authorities if air quality standards are not met
- Loss of access to funding sources and ESG-focused investors
- Increased costs from environmental remediation and system improvements
- Risk of production disruptions in case of severe incidents

Mitigation Measures

- Develop plans to reduce GHG emissions and particulate matter to meet standards
- Install pollution monitoring and control systems in factories
- Train employees on the consequences of non-compliance and human rights violations
- Disclose ESG data according to GRI standards and adopt practices aligned with stock exchange requirements
- Implement CSR projects to build positive community relationships
- Prepare Business Continuity Plans (BCP) for environmental crisis scenarios

Risk Assessment

- **2025:** Likelihood = 5, Impact = 2 => Risk Level = 10 (Medium)

Key Risk Indicators (KRIs)

- GHG emissions (Scope 1–3)
- Number of community complaints
- ESG compliance audit results and ratings (SET ESG Rating, FTSE Russell)

- Labor accident rate (LTIFR)
- Number of CSR projects and community engagement activities

Summary

ESG risk is a critical strategic risk impacting sustainability and corporate reputation. Overall, the risk level is **Medium**, driven by significant potential impacts and factors inherent in business processes that affect communities and the environment. Effective management is essential to mitigate negative impacts, maintain reputation, and ensure access to future funding from institutions and ESG-focused investors. Promoting compliance with ESG standards will strengthen stakeholder confidence and enhance the company's long-term image.

S16. Impact of Measures to Reduce Slow-Moving and Non-Moving Inventory New

Risk Factors

- Inventory buildup of slow-moving and non-moving items such as quicklime, hydrated lime, dolime, limestone, dolomite, marble blocks and spare refractory bricks
- Increased need for investment due to rising inventory management costs
- Production process disruptions and kiln shutdowns, order cancellations, and impacts from sluggish industries such as steel, leading to unsold production volumes
- Insufficient silo storage and reliance on open storage for unsold products, which may cause dust-related issues
- Increased cash flow requirements for reprocessing slow-moving and non-moving inventory, such as resizing undersized limestone and dolomite for specific customers, re-briquetting dolime, and converting quicklime into bagged agricultural products

Impact

Positive:

- Reduce storage and inventory management costs
- Improve financial and production flexibility
- Free up space and resources for value-added activities

Negative:

- Need to assess impairment and reduced product value
- Market prices for some products may fall below cost
- Finding customers for certain products may take time
- Reprocessing adds costs and may affect product properties
- Additional investment required to upgrade processes for reprocessing

Mitigation Measures

- Reduce slow-moving and non-moving inventory through clearance plans and continuous monitoring
- Sort and assess actual market value to identify sales opportunities
- Set provisions for impairment when prices fall below market
- Develop markets and sales channels for reprocessed products
- Improve processes and machinery to increase production capacity and reduce off-spec products
- Strictly monitor production processes to prevent quality deterioration

Risk Assessment

- **Risk Level:** Very High
- **Likelihood = 5, Impact = 4 => Risk Score = 20**

Key Risk Indicators (KRIs)

- Volume and value of slow-moving and non-moving inventory
- Monitoring of impairment provisions

Summary

This is a **strategic risk** that influences financial liquidity, production expenditure, and efficient use of resources. Poor management might harm competitiveness and reduce long-term profits with potential hidden costs resulting from amortization or increased impairment of assets. To ensure stable finances and boost operational performance, it's crucial to take steps that minimize slow-moving and non-moving inventory.

O. Management and operational risk

SUTHA has assessed and established measures to manage operational risks, identifying the key operational impact factors as follows:

O7. Obsolete Inventory /noncompliance / slow moving products and Non-moving inventory
O21. Inventory Obsolescence and Value Decline Risk

Risk Factors

- **Obsolete Inventory:** Items stored for long periods without movement or not meeting market standards, such as Grade B limestone, marble blocks stored for over 10 years, and refractory bricks remaining since 2019.
- **Non-compliant product properties:** Products that have deteriorated or can no longer be used in production, including items resulting from kiln shutdowns (Off Kiln).
- **Accumulation of finished goods:** Such as Quicklime and Dolime produced during testing or when customers halt purchases.

Impact

Positive:

- Reduce storage and inventory management costs
- Improve financial and production flexibility
- Free up space and resources for value-added activities

Negative:

- Financial value decreases, requiring impairment provisions, impacting financial statements
- Loss of storage space and increased warehouse management costs
- Losses from selling at low prices or as scrap
- Impact on valuation of finished goods, production costs, and tax implications

Mitigation Measures

- Implement clearance plans for non-moving inventory such as Dolime, Quicklime, Limestone, marble, and refractory bricks
- Sort and estimate market value for undersized products to find suitable customers
- Gradually reprocess stock items into new products, e.g., marble blocks into handicrafts
- Invest in production processes to expand briquetting capacity for Dolime products
- Develop markets and channels for reprocessed products
- Set impairment provisions
- Classifying and writing off non-reuse of refractory materials.

Risk Assessment

O7 – Obsolete or Non-standard Products

- **2025:** Likelihood = 5, Impact = 4 => Risk Level = 20 (Very High)
- **2024:** Likelihood = 1, Impact = 2 => Risk Level = Very Low
- **2023:** Likelihood = 5, Impact = 2 => Risk Level = Medium

O21 – Inventory Issues (Stockpile, Declining Value)

- **2025 (S7):** Likelihood = 5, Impact = 4 => Risk Level = 20 (Very High)

Key Risk Indicators (KRIs)

- Reports on obsolete or deteriorated inventory
- Value of impairment provisions for obsolete inventory
- Stock management plans for items such as Grade B limestone, undersized products, refractory bricks, and marble blocks

Summary

Obsolete and surplus inventory increases financial, storage, and reporting risks. In 2025, slow-moving Dolime products faced higher risk due to continued steel industry sluggishness and briquetting machine damage, which limited capacity and raised unsold stock. Management is addressing this by investing in a new briquetting machine and planning stock reduction. Prolonged inventory may lower quality, so management recommends adjusting inventory valuation and setting impairment provisions based on market prices. Obsolete or deteriorated refractory materials that are no longer usable will be sorted and disposed of.

O13. Safety, occupational health and working environment

Risk Factors

- Risks from inadequate or insufficient workplace safety measures
- Unsafe behavior by employees neglecting safety regulations
- Risks from production processes or activities that may cause accidents or hazards
- Internal and external factors affecting safety, such as violations of ISO 45001 standards

Impact

- Employee injuries or harm
- Accidents affecting health and safety of employees and stakeholders
- Costs for medical treatment, compensation, or remediation
- Damage to property and inconvenience to involved parties

Mitigation Measures

- Implement ISO 45001 standards for safety control and management
- Develop emergency plans, such as fire prevention, chemical spill control, and pandemic response
- Inspect and improve workplace conditions
- Inspect the working conditions, working hours, and health of workers who must work in hazardous or potentially dangerous areas, such as various types of drivers and workers who operate heavy machinery.
- Prepare operational manuals and provide training for all employee levels
- Foster a culture of safety and responsibility

- Conduct Job Safety Analysis (JSA) and communicate accident analysis results to prevent recurrence
- Provide eye-wash stations and safety measures for contractors
- Prepare a summary report of the investigation into the causes of accidents and incidents, and disseminate it to all departments to be used as case studies in raising awareness and reinforcing precautions in the workplace.

Risk Assessment

- **2025:** Likelihood = 2, Impact = 5 => Risk Level = 10 (Medium)
- Compared to **2024 (High)** and **2023 (Medium)**, showing a downward trend in risk levels

Key Risk Indicators (KRIs)

- Statistics on all types of accidents
- Target: Zero accidents
- Injury Severity Rate (ISR) ≤ 3 days per 1,000,000 hours
- Injury Frequency Rate (IFR) < 1 case per 1,000,000 hours

Summary

The company follows ISO 45001 standards, conducts emergency drills and regular inspections, and trains employees to ensure safety. The 2025 risk assessment shows a **medium** level but is improving due to effective risk management and a strong safety culture. Ongoing monitoring is needed to further reduce unsafe practices and accidents.

O15. Environmental impact

Risk Factors

- Operations involve limestone burning, lime grinding, and chemical reactions, which may impact the environment and nearby communities
- Dust emissions from production processes and raw material transportation
- The stockpiling of raw materials or finished goods in the production area, including the scooping and loading processes, may cause dust to disperse
- Carbon dioxide emissions from the burning process
- Waste or scrap generation from production if poorly managed
- Risks from climate change and environmental shifts

Impact

- Environmental complaints from local communities
- Environmental quality measurements failing to meet legal standards
- Increased environmental management costs to comply with international standards
- Increased water consumption to mitigate dust dispersion.
- Incurred costs associated with managing activities and communication to prevent disputes and minimize negative impacts on community relations.
- Damage to corporate image and reputation if mismanaged
- Health impacts on employees and surrounding communities
- Negative effects on ecosystems and surrounding environment

Mitigation Measures

- Implement ISO 14001 standards and sustainability guidelines
- Reduce the amount of goods stacked in open areas
- Implement measures to reduce dust accumulation and dispersion, such as vacuuming and water spraying to control dust levels.
- Lower the height of raw material or waste piles to a controllable level to reduce the likelihood of dust dispersion.
- Plant tall-growing trees to create a natural dust barrier.
- Develop methods, manuals, and processes aligned with international standards
- Set indicators for resource recycling, waste management, and circular economy practices
- Develop ESG projects and participate in sustainability assessments such as EcoVadis
- Reduce GHG emissions according to quantitative targets
- Promote renewable energy use and efficient energy management

Risk Assessment

- **2025:** Likelihood = 3, Impact = 5 => Risk Level = 15 (High)
- **2024 & 2023:** Risk Level = 12 (Medium), indicating an upward trend in 2025

Key Risk Indicators (KRIs)

- Number of environmental complaints
- Environmental quality measurement results from third-party audits
- Number of environmental development projects
- Volume of GHG and dust emissions
- Sustainability assessment results and number of eco-friendly products

Summary

The company follows ISO 14001 and ESG guidelines to manage environmental impacts, focusing on reducing emissions and supporting the circular economy. High risk is expected in 2025 due to dust from inventory, but strict controls are in place to limit effects on nearby communities and the environment.

O18. Human rights impact

Risk Factors

- Risk of human rights violations toward workers, such as termination without prior notice
- organizational restructuring that may result in increased workload for employees
- Risk from organizational restructuring impacting employees
- Risk to corporate image if labor disputes occur
- Risk from community and customer complaints regarding products

Impact

- Labor complaints or disputes
- Damage to corporate reputation if disputes arise
- Compensation claims from affected parties
- Disruption of production or operations if communities are impacted
- Costs for compensation and legal compliance
- Increased workload, fatigue, and job mobility impact work environment and employee morale.

Mitigation Measures

- Establish and strictly enforce human rights policies and measures
- Manage labor practices fairly and set up a welfare committee with employee representatives
- Assess human rights risks with stakeholders
- Strict compliance with labor laws
- Enforce strict safety measures
- Control processes to meet environmental standards and reduce dust-related impacts on communities
- Communicate and build understanding within internal departments
- Communicate and foster understanding within internal departments, and find activities to reduce pressure in order to create a positive work environment.
- Consider compensation payments in accordance with legal requirements and obtain consent from affected parties

Risk Assessment

- **2025:** Likelihood = 2, Impact = 5 => Risk Level = 10 (Medium)
- **2024:** Risk Level = 6 (Low)
- **2023:** Risk Level = 3 (Low)

Key Risk Indicators (KRIs)

- Number of human rights and labor-related complaints
- Complaints from communities and customers
- Occurrence of disputes
- Accident statistics from transport vehicles at customer sites
- Costs incurred from actions or compensation

Summary

The company prioritizes respect for human rights by implementing labor policies and legal compliance, along with establishing communication and grievance mechanisms. While the 2025 risk is **medium**, the company proactively takes steps to prevent and reduce impacts, working with employees and stakeholders to lower the chance of human rights violations.

C. Compliance Risk

SUTHA has assessed and established measures to ensure proper operational risk management, identifying the following key factors:

C1. Changes in regulations and laws regarding business operations

Risk Factors

- Changes in laws, regulations, and requirements related to business operations, such as labor laws, environmental regulations, and industry standards
- Introduction of new sustainability rules by regulatory bodies such as the SEC, Bank of Thailand, and Department of Industrial Works
- Risk of non-compliance with internal and external regulations

Impact

- Damage to the company's reputation if legal compliance is not maintained
- Penalties, fines, or administrative sanctions under the Administrative Penalty Act B.E. 2565
- Increased costs to upgrade systems and processes to comply with new regulations
- Reduced business opportunities if unable to meet sustainability standards

Mitigation Measures

- Prepare a comprehensive list of applicable laws and assign responsible departments
- Review and update company policies, charters, and practices to align with new regulations
- Enhance employee knowledge to keep pace with legal changes
- Engage legal consultants when specialized expertise is required
- Improve internal systems and processes to support sustainability standards

Risk Assessment

- **2025:** Likelihood = 3, Impact = 4 => Risk Level = 12 (Medium)
- **2024:** Risk Level = 12 (Medium)
- **2023:** Risk Level = 12 (Medium)

Key Risk Indicators (KRIs)

- Number of legal disputes
- Complaints regarding code of conduct violations
- Fines due to delays or incomplete compliance
- Official notices of administrative violations
- Government notifications for process improvements

Summary

The company faces risks from changes in laws and regulations related to business operations, which may affect reputation, costs, and competitive opportunities. The risk level remains **Medium**, with proactive measures in place to monitor compliance, report progress, and continuously review regulations. The company also focuses on employee development and system improvements to align with legal requirements and sustainability standards.

F. Financial Risks

SUTHA has assessed and established measures to manage financial risks, identifying the following key impact factors:

F1.1 Risks and sources of funds and sufficiency and flexibility of working capital

Risk Factors

- Shortage of adequate and appropriate funding sources, both internal (shareholder equity, retained earnings, asset sales) and external (bank loans)
- Loan conditions such as high interest rates creating financial burden
- Market and economic volatility leading to uncertain revenue
- Rapid changes in raw material costs and supply chain
- Operational efficiency issues, such as inventory management and production capacity and efficiency
- Environmental and regulatory requirements (Regulatory Risk)

Impact

- Potential liquidity shortages causing delays in key projects if revenue falls short of projections
- Inability to execute development projects as planned
- High interest burden impacting profitability
- Risks from slow-moving inventory increasing working capital requirements
- Loss of markets and customers caused by non-compliant products from processes not improved as planned

Mitigation Measures

- Secure funding from at least three financial institutions to compare and select the best offer
- Prepare cash flow plans on weekly, monthly, quarterly, and annual basis
- Develop and strictly control expense budgets aligned with weekly plans
- Increase capital to repay debt and reduce interest burden (implemented in 2023)
- Improve governance processes and standards to build confidence
- Implement cost-reduction measures and promote cost-saving initiatives to encourage employee participation in reducing expenses and costs
- Manage slow-moving inventory through reprocessing plans or expanding sales channels

Risk Assessment

- **2025:** Likelihood = 4, Impact = 4 => Risk Level = 16 (High)
- **2024:** Likelihood = 2, Impact = 4 => Risk Level = 8 (Low)
- **2023:** Likelihood = 3, Impact = 1 => Risk Level = 3 (Very Low)

Key Risk Indicators (KRIs)

- Number of debt payment defaults
- Duration of overdue payments
- Value of working capital tied up in slow-moving or non-moving inventory
- Value of inventory impairment
- Value of lost markets and customers

Summary

Funding and working capital risk is expected to be high in 2025, mainly due to lower sales and reliance on short-term loans for fuel imports. The company has obtained extra credit for raw material procurement and improved liquidity by selling non-business assets and unused machinery. Strict spending controls now limit expenses to essential items only.

F1.2 Risk of Liquidity Shortage in Business Operations

Risk Factors

- Declining revenue or sales
- High operating expenses or unexpected emergency costs
- Inefficient cash flow management
- Using cash flow for dividend payments without forecasting impacts
- Delays in customer collections
- Limited access to funding or credit facilities
- High inventory levels
- Economic recession or market uncertainty
- Investments in illiquid assets

Impact

- Potential delays in payments to suppliers if cash inflows do not meet forecasts
- Inability to execute key investment projects
- Production or service delivery under development projects may slow or halt
- Reduced stakeholder confidence
- Increased borrowing costs due to lower credit ratings
- Decline in employee morale due to financial pressure
- Risk of disputes or litigation if debt obligations are unmet

Mitigation Measures

- Regular weekly cash flow forecasting and monitoring
- Establish emergency liquidity reserves
- Negotiate flexible payment terms with customers and suppliers
- Diversify revenue sources to reduce dependency on a single industry
- Continuously monitor financial ratios and liquidity indicators
- Strengthen collection processes
- Maintain access to short-term credit facilities
- Workforce restructuring and cut unnecessary expenses to reduce long-term burden
- Develop contingency liquidity plans and conduct stress tests
- Train finance teams on liquidity risk management
- Align investment plans with liquidity capacity
- Analyze revenue streams and adjust strategies, e.g., selling low-margin products to boost liquidity
- Sell imported fuel to repay credit lines if market prices drop

Risk Assessment

- **2025:** Likelihood = 3, Impact = 5 => Risk Level = 15 (High)

Key Risk Indicators (KRIs)

- Liquidity ratio below 1.0
- Cash Conversion Cycle exceeding industry average
- Days Sales Outstanding (DSO) over 30 days
- Negative operating cash flow for more than 2 consecutive quarters
- Overdue payables exceeding 10% of total liabilities
- Credit line utilization is above 80%

Summary

Liquidity risk is **high** in 2025 due to heavy use of credit lines for fuel imports and external factors such as economic conditions and credit access limitations. The company has implemented proactive measures, including cash flow planning, emergency reserves, and revenue diversification, to mitigate risks and maintain financial stability.

F1.3 Revenue Volatility Risk

Risk Factors

- Changes in customer demand
- Economic or market fluctuations
- Intense industry competition
- Dependence on major customers for revenue

- Regulatory changes impacting income
- Product/service quality or delivery issues
- Seasonal factors or specific events

Impact

- Uncertain revenue affecting budget planning
- Irregular cash flow leading to liquidity issues
- Reduced ability to invest or expand business
- Decline in investor or shareholder confidence
- Need to cut costs or restructure operations
- Risk of inability to meet debt or financial obligations

Mitigation Measures

- Diversify revenue sources to reduce dependency
- Monitor and analyze revenue trends regularly
- Implement flexible budgeting based on scenarios
- Build strong relationships with customers and partners
- Develop products/services to meet diverse market needs
- Prepare financial contingency plans for revenue downturns
- Use ERP or BI systems for revenue analysis and scenario planning

Future Prevention Strategies:

- Develop adaptable business models
- Create multi-channel revenue streams (e.g., online, agriculture sector)
- Conduct sensitivity analysis on revenue
- Implement automated revenue and cost tracking systems

Risk Assessment

- **2025:** Likelihood = 3, Impact = 5 => Risk Level = 15 (High)

Key Risk Indicators (KRIs)

- Revenue decline >10% compared to previous quarter
- Revenue variance >15% from plan
- Revenue share from major customers >40% of total
- Months with revenue below 12-month average
- Negative revenue growth for more than 2 consecutive quarters
- Revenue-to-expense ratio below 1.2

Summary

Revenue volatility risk is **high** in 2025 due to external factors such as economic fluctuations and competition, as well as internal factors like reliance on major customers. The company has implemented proactive measures, including revenue diversification, flexible budgeting, and advanced data analytics, to mitigate risks and maintain financial stability.

F3.1 Late payment/default by the Trade Account Receivable

Risk Factors

- Some customers extending payment periods beyond credit terms
- Increasing trend of customers failing to pay on time
- Granting credit without strict control of conditions
- Trading with high-risk customers without requiring advance payment

Impact

- Adverse effect on cash flow liquidity
- Need to use high-cost funding or incur interest burden
- Creation of provisions for doubtful debts
- Overall financial performance risk

Mitigation Measures

- Establish clear credit policies and practices
- Require advance payment terms for high-risk customers
- Closely monitor and enforce compliance for customers with default history
- Set credit limits and strictly control product delivery

Risk Assessment

- **2025:** Likelihood = 2, Impact = 5 => Risk Level = 10 (Medium)
- **2024:** Likelihood = 2, Impact = 4 => Risk Level = 8 (Low)
- **2023:** Likelihood = 1, Impact = 2 => Risk Level = 2 (Very Low)

Key Risk Indicators (KRIs)

- Number of overdue accounts receivable
- High value of doubtful debt provisions
- Customers involved in disputes or litigation
- Accounts under collection and their outstanding amounts

Summary

The risk of customer payment default is at a **medium** level in 2025 due to increasing delays in payments and higher provisions for doubtful debts. The company has implemented proactive measures such as clear credit policies, monitoring high-risk customers, and strict credit control to mitigate risks and maintain financial liquidity.

F4.1 Exchange rate fluctuations

Risk Factors

- Changes in inflation and interest rates affecting capital inflows and outflows
- Government monetary policies and private sector investment news
- External factors such as conflicts between major powers and trade wars
- Volatility in foreign currency demand

Impact

- **Baht appreciation:**
  - Export profits decrease, export opportunities decline; import costs decrease, resulting in higher profits
- **Baht depreciation:**
  - Export profits increase, export opportunities rise; import costs increase, reducing profits
- Losses from exchange rate fluctuations
- Impact on cost and profit planning for the business

Mitigation Measures

- Open Foreign Currency Deposit accounts to reserve foreign currency for payment of imported raw materials or spare parts
- Consider entering into forward contracts to reduce risk
- Regularly monitor exchange rate trends and monetary policy reports from the Bank of Thailand

Risk Assessment

- **2025:** Likelihood = 2, Impact = 5 => Risk Level = 10 (Medium)
- **2024:** Likelihood = 4, Impact = 4 => Risk Level = 16 (High)
- **2023:** Likelihood = 5, Impact = 4 => Risk Level = 20 (Very High)

Key Risk Indicators (KRIs)

- Losses from exchange rate fluctuations
- Quarterly or annual monetary policy reports
- Export volume and sales, and price impact compared to previous periods

Summary

Exchange rate volatility risk is at a **medium** level in 2025, down from **very high** in 2023. The main factors are changes in monetary policy and global economic conditions. The company has implemented measures such as opening foreign currency accounts and using forward contracts to mitigate impacts on liquidity and financial performance.

F4.2 Inflation fluctuations

Risk Factors

- **Demand-Pull Inflation:** Increased purchasing demand driven by higher income, causing prices of goods and services to rise
- **Cost-Push Inflation:** Rising production costs such as wages and energy prices, leading to higher prices for goods and services
- **Printing Money Inflation:** Monetary injection to stimulate the economy, causing currency depreciation and higher inflation
- **External Factors:**
  - Outbreaks of infectious diseases (e.g., Covid-19) and their economic impact
  - Central bank monetary policies (e.g., liquidity injections)
  - Conflicts, wars, and geopolitical risks affecting global energy prices

Impact

- Increased production costs from energy, labor, and transportation
- Decline in customer demand, especially in consumer-related businesses
- Inflation volatility influencing monetary policy and interest rate adjustments by central banks, potentially impacting company investments and financial costs

Mitigation Measures

- Manage costs and improve efficiency, e.g., adopt alternative energy and optimize production processes
- Apply pricing strategies aligned with market conditions
- Enter into forward contracts and secure raw materials at favorable prices
- Diversify risk by expanding into new markets

- Monitor economic data and adjust strategies promptly
- Manage financial resources, e.g., reduce high-cost credit lines and seek low-interest loans

Risk Assessment

- **2025:** Likelihood = 2, Impact = 5 => Risk Level = 10 (Medium)
- **2024:** Likelihood = 3, Impact = 3 => Risk Level = 9 (Low)
- **2023:** Likelihood = 5, Impact = 4 => Risk Level = 20 (Very High)

Key Risk Indicators (KRIs)

- Interest rate trends (increase/decrease)
- Quarterly CPI changes
- Sales and delivery volumes
- Monetary policy reports from the Bank of Thailand
- Market demand and production reduction in related industries

Summary

Inflation volatility is a significant risk affecting both production costs and market demand, as well as influencing national monetary policy adjustments. The company must implement proactive measures such as cost management, market diversification, and close monitoring of economic data to maintain competitiveness and minimize long-term impacts on performance.

F5.3 The risk of fluctuations in the return on assets or investments: in Thai Marble Co. , Ltd. _TMC

Risk Factors

- Investment in acquiring Marble Company Limited primarily financed through loans, resulting in high debt burden and increased financial costs
- Interest rate volatility leading to higher financial costs
- TMC's revenue heavily dependent on the construction industry; any slowdown will impact income
- Risks in managing limestone and marble mines operated by subcontractors; lack of control may affect production
- Market demand volatility, especially regarding the GCC capacity expansion project in 2025, which may not proceed as planned
- Accounting issues such as non-moving marble block inventory and internal audit system under improvement
- Potential changes in limestone sourcing plans or reduced limestone usage could affect asset valuation, investment value, and lead to asset impairment or goodwill write-down

Impact

- Increased financial costs from interest and debt obligations
- Reduced debt repayment capacity if revenue falls short of plan
- Impact on cash flow and return ratios (ROE, ROA), which have fluctuated between 2019–2024 (e.g., ROE in 2023 = -2.84%, 2024 = 12.59%)
- Risk to production continuity and raw material delivery if subcontractors face issues

Mitigation Measures

- Prepare annual budgets and ensure operations align with plans
- Conduct inventory audits by independent auditors
- Implement Supplier Visit programs for operational assessment
- Appoint executives to the board for policy oversight and regular monitoring
- Recruit professional managers to replace resignations
- Explore GCC market and evaluate investment projects to increase production capacity
- Continuously review and improve internal control systems

Risk Assessment

- **2025:** Likelihood = 4, Impact = 4 => Risk Level = 16 (High)
- **2024:** Likelihood = 5, Impact = 5 => Risk Level = 25 (Very High)
- **2023:** Likelihood = 3, Impact = 3 => Risk Level = 9 (Low)

Key Risk Indicators (KRIs)

- Revenue / Net Profit
- Selling and administrative expenses
- Cash flow and financial governance ratios
- Debt repayment capacity
- Limestone mining concession renewal
- Internal control audit results
- Return ratios (ROE, ROA) and operating profit margin to total revenue
- Investment valuation and impairment provisions

Summary

Investing in Thai Marble Company Limited involves significant risk due to volatile returns, debt levels, and dependence on the construction sector. Risk mitigation measures like budget control, internal audits, subcontractor oversight, and market analysis have lowered risk from **very high** in 2023–2024 to **high** in 2025. Continued KRI monitoring is key for financial stability and long-term gains.

Business risks of Thai Marble as a Subsidiary Company

Key business risk factors for Thai Marble Corporate Limited, as assessed by the management of its subsidiary, include the following:

TM1.1 Threat of New Entrants (Quarry)

- **Risk Factors:** Entry of new players in the marble mining business is limited by government regulations requiring high investment.
- **Impact:** more competitiveness and less market share
- **Mitigation Measures:** Monitor markets, review concession applications, evaluate customer quality and satisfaction.
- **Risk Assessment:** Year 2025: Likelihood = 2, Impact = 5, Risk Level = 10 (Medium)
- **KRIs:** Sales volume, revenue trends, customer complaints.
- **Summary:** Risk remains controllable but requires close monitoring of concession approvals.

TM1.2 Threat of New Entrants (Import & Trading)

- **Risk Factors:** New players from abroad (China, Vietnam) entering through crude stone imports.
- **Impact:** Increased price competition / reduced market share.
- **Mitigation Measures:** Monitor producers and importers; strengthen customer ties.
- **Risk Assessment:** Year 2025: Likelihood = 5, Impact = 5, Risk Level = 25 (Very High)
- **KRIs:** Sales targets, market share, customer complaints.
- **Summary:** Very high risk; competitive strategies and differentiation are essential.

TM1.3 Threat of New Entrants (Small Distributors)

- **Risk Factors:** Increasing number of small distributors using low-price strategies.
- **Impact:** margin and customer relations.
- **Mitigation Measures:** Build business alliances, monitor market trends, maintain product quality.
- **Risk Assessment:** Year 2025: Likelihood = 4, Impact = 5, Risk Level = 20 (Very High)
- **KRIs:** Sales targets, market share, alliance
- **Summary:** Prioritize relationships and quality.

TM2 Threat of International Competitors

- **Risk Factors:** Import of marble and granite from abroad.
- **Impact:** Decreased market share and lower demand for Thai stone.
- **Mitigation:** Import premium stones and create value-added products.
- **Risk Assessment:** Year 2025: Likelihood = 3, Impact = 5, Risk Level = 15 (High)
- **KRIs:** Sales, revenue trends, alliance building.
- **Summary:** Focus on premium market differentiation and import strategy.

TM3 Threat of Substitution

- **Risk Factors:** Artificial stone and substitutes.
- **Impact:** Reduced demand for natural marble.
- **Mitigation Measures:** Market natural stone's value and highlight its unique features.
- **Risk Assessment:** Year 2025: Likelihood = 3, Impact = 5, Risk Level = 15 (High)
- **KRIs:** Sales, revenue trends.
- **Summary:** Highlight stone value and boost brand presence.

TM4 Financial Risk (Budget for Mining Licenses)

- **Risk Factors:** Budget misalignment with plan, regulatory changes.
- **Impact:** concession renewal deadline and investment budget.
- **Mitigation:** Plan budgets, cut extra costs, track policy changes.
- **Risk Assessment:** Likelihood = 3, Impact = 5 => Risk Level = High
- **KRIs:** Spending vs. budget plan.
- **Summary:** Limit costs and track regulations.

TM4.1 Budgeting Risks: Price War and Low-Margin

- **Risk Factors:** Price wars, low profit margins.
- **Impact:** decrease in revenue and profitability.
- **Mitigation Measures:** Build customer relationships, cut costs, modify sales strategies.
- **Risk Assessment:** Year 2025: Likelihood = 5, Impact = 4, Risk Level = 20 (Very High)
- **KRIs:** Spending vs. plan, gross profit.
- **Summary:** Adjust competitive strategies and reduce costs.

TM4.2 Budgeting risks: Cash flow & High inventory

- **Risk Factors:** Reduced liquidity, high inventory levels.
- **Impact:** Affects cash flow and operations.
- **Mitigation Measures:** Run stock clearance promotions, control credit.

- **Risk Assessment:** Year 2025: Likelihood = 3, Impact = 5, Risk Level = 15 (High)
- **KRIs:** Inventory value, overdue receivables.
- **Summary:** Accelerate stock reduction and improve credit management.

TM7 Technology Risk

- **Risk Factors:** Adjusting to emerging technology and digital marketing strategies.
- **Impact:** Loss of marketing opportunities, reduced production efficiency.
- **Mitigation:** Encourage AI use and create online platforms.
- **Risk Assessment:** Year 2025: Likelihood = 5, Impact = 4, Risk Level = 20 (Very High)
- **KRIs:** Online sales; tech use in production.
- **Summary:** Invest in technology and build online channels.

TM8 Late payment/default

- **Risk Factors:** Late payments, bad debts.
- **Impact:** cash flow, requires bad debt provisioning.
- **Mitigation Measures:** Set clear credit policies, control product delivery.
- **Risk Assessment:** Year 2025: Likelihood = 3, Impact = 5, Risk Level = 15 (High)
- **KRIs:** Outstanding receivables, number of disputes.
- **Summary:** Enforce strict credit control and debt follow-up.

TM10 Restructuring and policy amendment during the year
TM10.1 The direction of restricted human capital and resources.

- **Risk Factors:** limited personnel and its capacity
- **Impact:** Unclear policies and management direction.
- Mitigation Measures: Policies and management guidelines are clearly communicated and documented in language understood by staff.
- **Risk Assessment:** 2025: **Likelihood = 3, Impact = 5, Risk Level = 15 (High)**
- **KRIs**: Operational performance, policy communication, personnel knowledge assessment

Key risks have been managed through ongoing planning and mitigation to mitigate impacts and enable quick responses. Additionally, the Company has established contingency plans with preventive actions and monitoring to address crises / emergencies.

2.2.2 Risk to securities holders

Are there any risk factors affecting securities holders? : Yes

Risk 1 Shareholders investment risk

Related risk topics : Risk to Securities Holder
• Risk of the company having a single shareholder holding >= 75% of shares
• Risk from the stock having low free float, resulting in low trading liquidity

Risk characteristics

The company has a policy to pay annual dividends or pay interim dividends quarterly at a rate of not less than 40 percent of net profit after deducting corporate income tax and allocating legal reserves each year. However, the company may consider paying dividends at a rate different from the specified policy or refrain from paying dividends, depending on the operating results, financial position, economic situation, investment plan, other necessities and appropriateness as the company's board of directors and/or shareholders deem appropriate.

Currently, the company has financial costs and has the burden of repaying loans to financial institutions on a timely basis. Therefore, if the company and its subsidiaries' operating results are not as expected, or if the company or its customers are affected by the economic crisis, it may result in a decrease in revenue and result in the company's profits during the period of difficulty being insufficient to pay dividends, or if in the period when the principal repayment is due according to the loan agreement Or may have to increase working capital reserves due to the economic situation, which may result in insufficient cash flow to allocate to pay dividends to the company's shareholders.

Risk-related consequences

-The company may not consider paying quarterly dividends to shareholders.
-The company may not consider paying annual dividends to shareholders, depending on the operating results, financial position, economic conditions, investment plans, and necessity.
-According to the regulations, if the company cannot pay dividends if the operating results are not profitable

Risk management measures
-The executives and board of directors will evaluate the possibility of issuing dividends at a minimum rate of 40 percent, contingent upon satisfactory operating results and cash flow aligned with the financial management strategy.
-If dividends are not distributed quarterly or annually, an announcement will be made via the Stock Exchange of Thailand to explain the rationale and necessity to shareholders.
-A report will be provided regarding dividend payments or their suspension, along with proposals for approval concerning annual dividend payments at the annual shareholders' meeting.

2.2.3 Risk to securities holders from investing in foreign securities (applicable to only foreign companies)

Are there any risk factors affecting securities holders from investing in foreign securities? : No

Business Continuity and Risk culture promotion
Business Continuity Management and Risk & Crisis Management

SUTHA integrates corporate governance with sustainability by implementing management processes that support operational continuity, risk mitigation, and emergency preparedness. The Company safeguards assets, equipment, information systems, and stakeholder interests to uphold trust and protect its reputation. Furthermore, the Business Continuity Policy (BCP) outlines explicit procedures for maintaining uninterrupted business operations.

1. Establish and implement a structured methodology to identify and assess potential impacts arising from interruptions to essential business operations.
2. Strategically plan and develop comprehensive approaches for effective crisis and emergency management.
3. Create a resilient business management framework to ensure continuity across all processes. This includes overseeing the formulation of crisis management plans and emergency response protocols, which should be meticulously prepared, regularly reviewed, and readily accessible for deployment. Continuously evaluate operations to maintain seamless functionality.
4. Cultivate an environment of ongoing professional development, equipping personnel at every level with the necessary knowledge, insight, and awareness to promote best practices in business management and support organizational objectives.
5. Ensure consistent adherence to established business management standards across all departments. Highlight the significance of routinely reviewing, enhancing, and actively practicing these plans to embed them within the organizational culture.
6. Promote active collaboration and engagement among executives, employees, and staff at all levels to jointly execute key processes and initiatives. This cooperative approach supports the achievement of business goals and encourages sustainable growth.

Key BCP Project Development Plan Initiatives (2024–2025)

Throughout 2024 and 2025, the company implemented significant initiatives aimed at enhancing revenue generation for its marble subsidiary.

These efforts encompassed comprehensive feasibility studies, strategic budget allocations, and considerable investments in the Ground Calcium Carbonate (GCC) product line, which is anticipated to drive growth and boost revenue from clients within the construction sector. The project included the construction of facilities and the acquisition of machinery, representing an investment exceeding THB 50 million. By 2025, installation was finalized, and both production and sales commenced successfully, receiving favourable feedback during the initial half of the year.

In the latter part of the year, demand became unpredictable because of shifts in Trump Tariff policies, which led to a drop in order volume. To counter these effects, the company sought new clients, broadened its customer base for GCC products, and introduced cost-cutting strategies in an effort to address revenue losses. Even with these difficulties, GCC products continue to be popular and are projected to provide stable income for the marble.

Crisis Management and Emergency Preparedness

SUTHA has established crisis management guidelines to ensure business continuity, including procedures for handling emergencies or significant crises based on event assessments and forecasts of potential business impacts.

Responsibilities and operational scopes are clearly defined to enable consistent application and review.

In 2025, there were no emergencies or crises affecting operations. However, the company has implemented a crisis management framework and preventive measures, including:

-Annual Safety, Occupational Health, and Work Environment Plan monitors and manages safety to maintain operational continuity.
-Fire Prevention, Protection and Suppression
-Chemical/Oil Spill Prevention Plan
-Radiation Emergency Response Plan
-Epidemic Response Plan

The Company has conducted a comprehensive assessment of disaster risks related to climate change and has reviewed all its facilities to determine potential impacts from events such as floods, storms, and earthquakes. While no significant damage has occurred to date, the Company has established contingency measures to effectively respond to any future emergencies.

SUTHA Physical Risk Assessment Report Related to Climate Change Physical risks related to climate change	Acute Disaster Events Assessment Based on Key Facility Locations						Impact of Disaster Event Impacts at Each Location (SUTHA)						In the event of an incident or impact Detial(*)
	HQ	CS	HW	PB	TMO	TMF	HQ	CS	HW	PB	TMO	TMF	
Acute Physical Risks													
Cyclone disaster event	x	x	x	x	x	x	x	x	x	x	x	x	
Flash Flood	x	x	x	x	x	x	x	x	x	x	x	x	
Heatwave	x	x	x	x	x	x	x	x	x	x	x	x	
Wildfire	x	x	x	x	x	x	x	x	x	x	x	x	
Earthquake | 28 Mar 2025 in Thailand (Detail*)	✓	x	x	x	✓	x	✓(L)				✓(L)	x	**Earthquake Incident Report – March 28, 2025** At 1:20 PM on March 28, 2025, a powerful 8.2 magnitude earthquake struck, causing tremors to be felt throughout Bangkok and nearby regions. The headquarters office in the Cosmo Building experienced significant shaking, leading to the evacuation of staff from the 6th floor to a designated safe area on the ground level. There were no injuries, no damage to property, and no effect on overall business operations. Only a few branches faced a brief disruption, which lasted less than a day. Once the situation was under control, employees were advised to stop work and head home. However, many encountered heavy traffic congestion during their journey. Follow-up Measures: • Development of earthquake response guidelines. • Creation of evacuation procedures and preparedness plans for future seismic events.

SUTHA Physical Risk Assessment Report Related to Climate Change Physical Risk from Climate Change	Chronic Physical Risks Assessment Based on Key Facility Locations						Impact of Chronic Physical Risks Impacts at Each Location (SUTHA)					
	HQ	CS	HW	PB	TMO	TMF	HQ	CS	HW	PB	TMO	TMF
Chronic Physical Risks												
Rising average temperatures	x	✓	x	x	x	x	x	✓(L)	x	x	x	x
Changes in precipitation	x	x	x	x	x	x	x	x	x	x	x	x
Rising sea levels	✓	x	x	x	x	x	x	x	x	x	✓	✓
Prolonged drought	x	✓	✓	✓	x	✓	x	✓(H)	✓(H)	✓(H)	x	✓(H)
Water Stress Risk	x	✓	✓	✓	x	✓	x	✓(H)	✓(H)	✓(H)	x	✓(H)
Water Depletion	x	✓	✓	✓	x	✓	x	✓(H)	✓(H)	✓(H)	x	✓(H)
Groundwater Table Decline	x	✓	✓	✓	x	✓	x	✓(L)	✓(L)	✓(L)	x	✓(L)