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28 February 2022

Subject: Management Discussion and Analysis of the Company and its subsidiary for the year ended 31 December 2021

To: The President of the Stock Exchange of Thailand

Attachment: Management Discussion and Analysis ended 31 December 2021

As Golden Lime Public Company Limited ("the Company") has submitted the Auditor's report on the Consolidated Financial Statements ended 31 December 2021, which have been audited by the Company's authorized auditor.

The Company would like to clarify the operating results of the Company and its subsidiary, please kindly find the following attachment.

Please kindly be informed accordingly.

Yours faithfully,

Mr. Geza Emil Perlaki
Managing Director

Golden Lime Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

For period ended 31 December 2021

1.Highlights

- Health and safety: There were **seven lost time injuries** in Q4 2021
- Sales revenue (consolidated): **1186mTHB in 2021** compared to 1113mTHB in 2020 an increase of 7%
- EBITDA (consolidated): **235mTHB in 2021** compared to 385mTHB, gain on bargain purchase excluded was 208mTHB in 2020, an increase of 13%
- Net income (consolidated): **51mTHB in 2021** compared to 207mTHB, gain on bargain purchase excluded 30mTHB in 2020, an increase of 68%

Commenting Mr. Geza Perlaki, Golden Lime Managing Director said:

The fourth quarter of 2021 turned out to be a challenging last quarter of a very particular year of Golden Lime operational history. The impact of the global macroeconomic trends was especially prevalent in this period:

Covid: The Thai economy was a laggard vs peers, still under the influence of Covid-19 pandemic related travel and other government restrictions, recovering in 2021 somewhat with +3% year on year GDP Growth only vs a sharp drop of -7% GDP in 2020, overall output still -4% below of pre-pandemic 2019 levels, with the construction segment especially hard hit. Same time the Thai exports boomed in 2021 with +24% year on year performance, driven by strong recovery of the (in 2020 and early 2021) highly stimulated US and EU markets, as well as strong performance of non-tourism dependent Asian countries. The result is a mixed performance of the key GL and TMC market segments, while steel and chemical industry demand was strong, the construction and sugar markets remained weak.

Combustible costs: The energy markets worldwide experienced the highest price hikes seen in recent history, with all time peaks reached in September-November period, before declining somewhat (still well above long term averages) in December. With the high energy cost exposure, this made inevitable GL to increase sales prices in multiple steps this year, largely covering the fuel cost increase, that was however not the case or only with significant delays at competition, thus resulting in (temporary) volume losses as customers made multiple opportunistic moves.

Maritime shipping: one consequence of the highly disturbed international supply chain situation is the enormous increase (up to 5 to 10 times) of container logistics costs, for all North-South and East-West movements in Asia. This has major impact on all low value density export, like quicklime, that largely switched on break-bulk based logistics solutions (still at much higher price level vs pre-2020 pricing) overall limiting export performance to some traditional overseas markets, that consequentially resulted more capacity available for domestic supply. This impacted the competitive situation in all FY 2021, and indirect effect on GL's sales, but also directly delaying export shipments of quicklime and also Engineering related machinery equipment (delayed to 2022)

The core BURNT PRODUCT (quicklime and dolomitic lime) sales volume experienced in Q4 2021 declining volumes (largely due to a late Sugar season start, and competitive activity) while pricing improved significantly to follow the energy cost evolution. The dolomitic lime performance was an exception as in this niche market both volumes and pricing improved.

The AGGREGATE product sales continue to underperform mainly due to limited sales to construction (concrete plants, road construction), all market players have built significant stock, that will result an oversupplied market for a period well after construction activity normalizes in 2022. GL launched projects to enter specific quality segments in Q4, effect expected only in Q1 2022, however. The TMC limestone quarry experienced an incident in Q4, that stopped production of kiln feed-stone and other aggregate products for a period of 2 months (of that 7 weeks in 2021) resulting in raw material purchases from 3rd parties by GL, resulting significant operational cost increase in November and December, as well as provisions built at TMC in December to cover anticipated future related expenses, and an exceptional capital expenditure to prevent similar incidents in the future, all in all a one-shot impact on the GL and TMC P&L in Q4.

The GCC markets performed adequately, demand for both GL and TMC milled limestone products was healthy, both products occupy a specific niche, with ultra-high-quality calcite-based GL GCC, and specific high whiteness marble based TMC GCC product.

The MARBLE sales of TMC, a 99.98% subsidiary, were hard hit by the construction slump, we expect a recovery only in H2 2022.

The development of NEW PRODUCTS and SERVICE SOLUTIONS is crucial to secure the future, here Golden Lime made important (however in results not yet visible) advances, in terms of unique product development and downstream application offerings to customers.

The SOLAR (I) project, that started regular operation in September 2020, continued to contribute significantly to the cost reduction providing also green credentials to GL. Based on the success the SOLAR II capacity expansion project entered execution phase in November 2021, expected to go live in Q1 2022.

The GL production NETWORK RATIONALIZATION (started in Q3 2020, finalized in Q1 2021) continued to contribute significantly to the fix production cost reduction program, compared with last year same period.

The FLEX-FUEL program was finalized in Q1 resulting in the new capability to switch between diverse solid fuels adapting to market conditions (tough all such fuels experienced a cost increase in this quarter, so the use of differentiation was limited) and later also to biomass (under development) contributing, beside the Solar projects, to GL's green credentials.

The ENGINEERING division revenues and margin realization of GLE on external markets was not significant in Q4, due to logistics related delays.

2. Outlook

The FUEL combustible cost is the No1 key challenge in FY 2022. GL will use all possible measures to mitigate this cost increase but has already and will also in the near future inevitably need to continue to pass the effect further to customers. Same time the flex fuel program continues, offering alternatives to commodity type fuel sources.

The LOGISTICS to reach export markets resulted in Q4 the switch to alternative way of transportation, a trend that will likely continue in H1 2022, improvement only expected in the 2^{nd} half of the year.

Going forward however the year 2022 is, with Covid and its impact on the economy is fading away, expected to bring significant ECONOMIC UPSWING for Thailand, with robust GDP growth, same time strong export markets, resulting a market expansion of all GL and TMC products (burnt, aggregates, marble) thus the general outlook for the next year is undoubtedly OPTIMISTIC.

3.Financial highlights (based on Thai FRS)

Q4 2021 Income Statement Summary as of 31 December 2021 compared to Q4 2020:

	Q4 2021	Q4 2020	Q4 2019	YoY change Q4 2021 vs Q4 2020	YoY % change Q4 2021 vs Q4 2020
Unit: Million Thai Baht (THB)					
Sales and service income	277.12	319.47	228.64	-42.35	-13%
Other income	2.84	1.54	0.51	1.30	84%
Total revenues	279.96	321.01	229.15	-41.05	-13%
Cost of sales and services	213.52	243.72	180.28	-30.20	-12%
Gross profit	63.60	75.75	48.36	-12.15	-16%
Gross profit margin	23%	24%	21%		
SG&A	60.67	55.88	49.48	4.79	9%
EBITDA	41.35	60.50	30.37	-19.15	-32%
EBITDA margin	15%	19%	13%		
Depreciation and amortization	35.58	39.09	30.98	-3.51	-9%
EBIT	5.77	21.41	-0.61	-15.64	-73%
Finance cost	-9.30	-9.31	-6.74	-0.01	0%
Income tax expenses	3.21	0.83	-2.11	-2.38	287%
Net income for period	-0.32	12.93	-9.46	-13.25	-102%
Earnings per share (THB)	0.00	0.04	-0.03	-0.04	-102%

2021 Income Statement Summary as of 31 December 2021 compared to 2020:

	FY 2021	FY 2020	FY 2019	YoY change FY 2021 vs FY 2020	YoY % change FY 2021 vs FY 2020
Unit: Million Thai Baht (THB)					
Sales and service income	1185.51	1112.51	973.06	73.00	7%
Other income	26.29	181.06	4.26	-154.77	-85%
Total revenues	1211.80	1293.57	977.32	-81.77	-6%
Cost of sales and services	884.60	828.99	736.14	55.61	7%
Gross profit	300.91	283.52	236.92	17.39	6%
Gross profit margin	25%	25%	24%		
SG&A	239.23	219.33	197.62	19.90	9%
EBITDA	234.59	384.99	165.38	-150.40	-39%
EBITDA margin	19%	30%	17%		
Depreciation and amortization	146.62	139.74	121.82	6.88	5%
EBIT	87.97	245.25	43.56	-157.28	-64%
Finance cost	-37.39	-31.47	-25.70	5.92	19%
Income tax expenses	0.58	-6.70	-10.70	-7.28	-109%
Net income for period	51.16	207.08	7.16	-155.92	-75%
Earnings per share (THB)	0.17	0.69	0.02	-0.52	-75%

3.1. Analysis of 2021 in comparison with 2020 results

Revenue from sales and services in 2021 was higher from 2020 mainly from the TMC revenue has included in this year, while there was only 233 days of TMC revenue last year. The core burnt product has positive impacted mainly from steel, chemical market. In addition, the engineering business by Golden Lime Engineering has contributed from the kiln project in Indonesia as planned.

On the **costs** side stone variable cost were largely in line with expectations, the acquired of TMC quarry which has good quality limestone material, will be utilized, and benefit overall consolidated results. An electricity costs started to be reduced as we have started to generate electricity from our owned solar farm since September 2020. With the high energy cost exposure, the company has increased the sales prices in multiple steps this year to maintain the gross margin

SG&A in 2021 were higher than the same period last year due to the full TMC addition in 2021 while only 233 days of TMC SG&A added to 2020 and higher from the one-shot provision expense from the quarry incident in Q4. However, the Company has fixed cost saving plan since last year, the implementation of Network Rationalization project which is the long-term cost saving that has benefited to the Company in full impact this year and in the future. Moreover, the general fixed expense has been decreased due to Covid-19 restrictions on travel and mitigation plans in place for fixed cost savings in all departments.

EBITDA (Earnings before tax, depreciation, and amortization) in 2021 was significantly lower than the same period last year as there was gain on bargain purchase on TMC business, if exclude this one-shot transaction, the EBITDA are better than the same period last year. Moreover, the engineering business has gradually shown positive impact on Indonesia project.

Depreciation was higher from the same period last year as there were the revaluation of fixed asset and intangible asset from business acquisition and the assets depreciation of TMC figures were included.

Income tax expense in 2021 has decreased compared to the same period last year as there was Board on Investment (BOI) tax benefit from Solar farm project

Net income in 2021 was decreased compared to the same period last year. However, if the gain on bargain purchase is excluded, the net income is higher than the same period last year.

3.2. Assets, Liabilities & Shareholders' Equity

Current assets and non-current assets: no significant change from last year

Current liabilities and non-current liabilities: the short-term borrowing facility from financial institutions increased as the company borrowed for fuel purchasing. The long-term liabilities decreased from the regular loan repayment

Shareholder equity: increased from net results.

Financial Position Summary as of 31 December 2021 compared to 31 December 2020:

Unit: Million Thai Baht (THB)	31st Dec 2021	31st Dec 2020	31st Dec 2019	YoY change 2021 vs 2020	YoY % change 2021 vs 2020
Total current assets	775.07	728.35	439.78	46.72	6%
Total non-current assets	1,457.82	1,487.94	901.66	-30.12	-2%
Total assets	2,232.89	2,216.29	1,341.44	16.60	1%
Total current liabilities	1,183.60	795.55	632.37	388.05	49%
Total non-current liabilities	423.50	810.29	221.78	-386.79	-48%
Total liabilities	1,607.10	1,605.84	854.15	1.26	0%
Total shareholders equity	625.79	610.45	487.29	15.34	3%
Total liabilities plus shareholders equity	2,232.89	2,216.29	1,341.44	16.60	1%

3.3. Cash Flow Analysis

Cash and cash equivalents at the end of Q4 2021 decreased from the start of the period to 40mTHB mainly came from

Net cash flows used in investing activities has increased from the reserve of principal and interest payments under the condition according to the loan agreement. Moreover, the company invested in the annual kiln maintenance together with the investment into a new improved product to extend our market base.

Net cash flows used in financing activities has increased mainly from dividend payment. There was an increase in short-term loan for fuel purchasing and the regular loan repayment on schedule for both Saraburi Quicklime acquisition and TMC acquisition together with finance cost.

Cashflow Summary as of 31 December 2021 compared to 31 December 2020:

Unit: Million Thai Baht (THB)	FY 2021 YTD	FY 2020 YTD	FY 2019 YTD	YoY change FY 2021 vs FY 2020	YoY % change FY 2021 vs FY 2020
Cash and cash equivalents at beginning of period	133.47	83.39	38.85	50.08	60%
Net cash flows from operating activities	120.97	223.21	291.82	-102.24	-46%
Net cash flows from (used in) investing activities	-119.67	-594.27	-71.34	-474.60	-80%
Net cash flows from (used in) financing activities	-94.67	421.15	-175.95	-515.82	-122%
Net increase (decrease) in cash and cash equivalents	-93.37	50.08	44.53	-143.45	-286%
Cash and cash equivalents at end of period	40.10	133.48	83.39	-93.38	-70%

4. Financial Ratios

	Q4 2021	Q4 2020	Q4 2019	FY 2021	FY 2020	FY 2019
Return on Equity (ROE)	-0.21%	9.42%	-7.03%	8.28%	37.73%	1.33%
Return on Assets (ROA)	-0.06%	2.91%	-2.72%	2.30%	11.64%	0.51%
Return on Fixed Assets (ROFA)	11.04%	20.80%	11.83%	15.48%	34.68%	17.72%
Debt/Equity Ratio	2.57	2.63	1.75	2.57	2.63	1.75
Net Debt/Equity Ratio	1.91	1.81	1.28	1.91	1.81	1.28
Leverage (Net Debt/EBITDA)	5.10	2.87	3.76	5.10	2.87	3.76
Collection period (Days)	48.44	47.84	54.72	45.92	55.71	52.14

Note: 1) Net Debt = Interest bearing liabilities – cash and cash equivalents

2) Leverage Q4 and FY use annualized EBITDA for the previous 4 quarters

3) ROFA = (Net profit + Depreciation)/ Average (Q4 2021 and Q4 2020) of property, plant and equipment

Mr. Geza Perlaki

Authorized Director

Mr. Krishnan Subramanian Aylur

Authorized Director