



Head Office:

No. 89 Cosmo Office Park, 6th Floor, Unit H,
Popular Road , Banmai, Pakkret, Nonthaburi 11120 : THAILAND.

Registration No. / Tax ID.: 0107556000248

Tel. No. +66 (0) 2017 7461 - 3

Fax. No +66 (0) 2017 7460

Website: www.goldenlime.co.th

Email: glmis@goldenlime.co.th
sales@goldenlime.co.th

NO. (SUTHA-SET) 008/2022/EN

27 February 2023

Subject: Management Discussion and Analysis of the Company and its subsidiary
for the year ended 31 December 2022

To: The President of the Stock Exchange of Thailand

Attachment: Management Discussion and Analysis ended 31 December 2022

As Golden Lime Public Company Limited (“the Company”) has submitted the Auditor’s report on the Consolidated Financial Statements ended 31 December 2022, 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 2022

1. Highlights

- ▶ Health and safety: There was **one lost time injury** in Q4 2022
- ▶ Sales revenue (consolidated): **343mTHB in Q4 2022** compared with 277mTHB in Q4 2021 an increase of 24%; **1478mTHB in 2022** compared with 1185mTHB in 2021 an increase of 25%
- ▶ EBITDA (consolidated): **43mTHB in Q4 2022** compared with 41mTHB in Q4 2021 an increase of 4%; **227mTHB in 2022 (normalized 229mTHB)** compared with 235mTHB (normalized excluding asset sales, and other items 232mTHB) in 2021 a decrease of 3% (normalized decrease of 1.3%)
- ▶ Net income: **0.8mTHB in Q4 2022** compared with a loss of 0.3mTHB in Q4 2021, and **89mTHB in 2022** compared with 51mTHB in 2021 an increase of 74%

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

The GLOBAL MACROECONOMIC environment continued to improve in the quarter: while the elevated energy prices persisted, the inflation in the US and EU started to slow down (and in Asia including Thailand never really rose to exceptional levels), the interest-rate increase expectations and recession fears also subsided gradually (resulting a generally more optimistic market sentiment), many segments of the commodity markets (including container freight) experienced a normalization of the supply-demand situation and pricing returning to long term historic average levels.

The DOMESTIC MACRO situation improved also substantially: GDP expectations for 2023 saw a positive correction with returning tourism revenue, stronger THB, improving balances of payments.

DOMESTIC MARKET trends: The domestic lime market segments linked to exports (notably chemical industry and steel to a certain degree) experienced some setbacks, and the finishing stages of construction activity (Marble) still experiences weak market demand. Apart from the above, other markets were performing well: construction activity related to early stages (AAC lime demand and ready-mix stone), the paper industry in general, non-export related chemical industry demand, were generally healthy. Also, the sugar 2022/2023 season is expected to improve by 15-20% vs previous years, however not reaching peak year 2018/2019, and the actual startup of most mills was postponed 2-3 weeks to the very last week of December, so the volume impact will not be visible before Q1 2023. EXPORT MARKETS continued to be difficult to service, as the container freight was still high in Oct-Nov 2022, and the stronger THB also limited competitiveness.

FUEL costs: The energy markets (especially natural gas & coal) worldwide experienced in Q4 2022 the continuation of elevated price levels reached in Q2 and Q3, especially with regard to petroleum-coke and higher-grade coal, attributable to excess demand as result of supply chain restructuring (due to Ukraine conflict and shifts in demand patterns) still in average +30-40 % above last year same period. COSTS beyond fuel also saw major escalation: electricity (20% up in 2022 total), diesel fuel related internal movements and material handling, fix costs linked to inflation, transportation of finished goods to customers, all up 10-15% vs previous year same period.



As consequence GL had no other options, but to pass on these cost rises to customers, relentlessly and inevitably, to protect margins and secure a sustainable revenue stream – this is a continuation of a cost and price escalation cycle that began in Q3 2021 and lasted so far for 18 months already.

The core BURNT PRODUCT (quicklime and dolomitic lime) sales experienced in Q4 2022 a volume decrease, due to pricing of the product primarily, that was somewhat ahead of competition, and overall stagnating domestic and export market demand. The revenue realization, due to pricing exclusively, increased in +30% range. The price evolution in Q4 finally managed to catch up with the cost evolution, resulting a Gross Margin normalization gradually in October to December, after a dip in August-September (that was clearly unsustainable)

The crude AGGREGATE product sales, due to ready-mix sales (new improved product) increased significantly, but so do the costs, due to the diesel price and electricity cost increase, resulting in limited profitability. Thai Marble Corporation (TMC) carries significant working capital in finished crude products that will be only gradually deduced as sales consequently exceed production in 2023. The MARBLE activity of TMC, started to improve in Q4 but not yet returning to pre-Covid levels, as construction finishing stage works will only follow with 12–18 months delay.

GL considers a phase III SOLAR project that will boost the output to 3.5MW covering 25% of GL's electricity needs, a project that has improved payback at current higher electricity price levels.

As result of the FLEX-FUEL I program, GL was able to use in Q4 multiple solid fuels, including petroleum-coke, milled and lump bituminous coal, as per actual market conditions for an overall optimum cost structure.

The NEW PRODUCT introduced for the construction segment in 2021 still, finally entered regular production phase, acquiring a regular customer base already.

The Company is focusing on sustainability strategy in 3 aspects; environmental, social and governance (ESG) details as follows.

Social: Being aware of the importance of personnel resources and working safely, SUTHA aims to drive every business process throughout the business chain with safety. However, some lost time accidents still occur which SUTHA embraces as a challenge in cultivating a safety culture at work pertaining to the social aspect in sustainability framework.

Economics: The cost performance influenced by rising fuel costs and resulting in selling price increase is addressed as one material to meet expectations and business sustainability. The Company implements Cost Saving and Flex fuels as the cost management measure to leave no impact passed on to customers.

Environment: The Company manages assets and investments to provide shareholders with a return on the investment as expected by investing in an asset for generation expansion of solar energy as one of renewable energy initiatives that can reduce carbon dioxide emissions for less impact on climate change and the environment. Even the biomass project does not contribute positive statement, it is a challenging goal towards greenhouse gas emissions reduction for carbon neutrality.



2. Outlook

MACRO environment in 2023 will continue to improve, we expect a generally stellar year for the Thai economy.

The key FUEL combustible costs will undoubtedly continue to represent the major challenge in Q1 2023 and throughout the year. GL will continue to benefit from the obtained fuel flexibility: use all possible fuel sources to limit any future cost increase, and diversify its energy mix (including CO2 neutral and thus future proof alternative fuels)

GL will pursue further NEW PRODUCT DEVELOPMENT projects, as well as explore ALTERNATIE green and carbon neutral fuel alternatives.

The FINANCING mix will change from a debt-heavy approach (that is increasingly expensive, with a general rise of interest rates, both in USD and (to a lesser degree) THB) to a more balanced debt/equity mix, via a RO capital increase in Q1 2023 (concluded by the time this MD&A is public), that will serve the purpose of debt reduction as well as financing of major capex investment in new capacity.

We expect in 2023, with a stronger economy, and overall healthy demand in most segments of the lime market driving higher revenue generation, combined with plateauing cost drivers and rebounding marble market, to serve as basis of a performance well above the previous years.



3. Financial highlights (based on Thai FRS)

Q4 2022 Income Statement Summary as of 31 December 2022 compared to Q4 2021:

	Q4 2022	Q4 2021	Q4 2020	YoY change Q4 2022 vs Q4 2021	YoY % change Q4 2022 vs Q4 2021
Unit: Million Thai Baht (THB)					
Sales and service income	342.96	277.12	319.47	65.84	24%
Other income	1.78	2.84	1.54	-1.06	-37%
Total revenues	344.74	279.96	321.01	64.78	23%
Cost of sales and services	271.13	213.52	243.72	57.61	27%
Gross profit	71.83	63.60	75.75	8.23	13%
Gross profit margin	21%	23%	24%		
SG&A	63.75	60.67	55.88	3.08	5%
EBITDA	43.04	41.35	60.50	1.69	4%
EBITDA margin	12%	15%	19%		
Depreciation and amortization	33.18	35.58	39.09	-2.40	-7%
EBIT	9.86	5.77	21.41	4.09	71%
Finance cost	-9.60	-9.30	-9.31	0.30	3%
Income tax expenses	0.50	3.21	0.83	2.71	-84%
Net income for period	0.76	-0.32	12.93	1.08	-338%
Earnings per share (THB)	0.00	0.00	0.04	0.00	-338%

2022 Income Statement Summary as of 31 December 2022 compared to 2021:

	FY 2022	FY 2021	FY 2020	YoY change FY 2022 vs FY 2021	YoY % change FY 2022 vs FY 2021
Unit: Million Thai Baht (THB)					
Sales and service income	1478.39	1185.51	1112.51	292.88	25%
Other income	7.68	26.29	181.06	-18.61	-71%
Total revenues	1486.07	1211.80	1293.57	274.27	23%
Cost of sales and services	1131.60	884.60	828.99	247.00	28%
Gross profit	346.79	300.91	283.52	45.88	15%
Gross profit margin	23%	25%	25%		
SG&A	265.01	239.23	219.33	25.78	11%
EBITDA	226.59	234.59	384.99	-8.00	-3%
EBITDA margin	15%	19%	30%		
Depreciation and amortization	137.13	146.62	139.74	-9.49	-6%
EBIT	89.46	87.97	245.25	1.49	2%
Finance cost	-35.99	-37.39	-31.47	-1.40	-4%
Income tax expenses	35.74	0.58	-6.70	-35.16	6062%
Net income for period	89.21	51.16	207.08	38.05	74%
Earnings per share (THB)	0.30	0.17	0.69	0.13	74%



3.1. Analysis of 2022 in comparison with 2021 results

Revenue from sales and services in 2022 was higher from the same period last year 25% from the core burnt product (quicklime and dolomitic lime) mainly from the higher price and together with the higher sales volumes from overall stronger domestic demand especially sugar, steel, chemical, also export market.

Other income in 2022 lower than last year as there was one-time transaction from non-core asset sales in 2021. In 2020, there was one-time transaction from Thai Marble acquisition related, gain on bargain purchase of 177mTHB.

Cost of sales and services has significantly increased due to fuel cost, diesel cost, and electricity cost especially in 2nd half of the year, the company has increased the sales prices in multiple steps to cover the higher cost exposure together with the use of FLEX-FUEL project which best diversifying our energy mix. As a result, gross profit margin in 2022 dropped by 2% from 2021.

SG&A in 2022 were higher than the same period last year mainly from selling expense in Golden Lime as the company sales more to the export market, while the administrative expenses were reduced from the same period last year as last year there was one-time expense of mining damage.

EBITDA (Earnings before tax, depreciation, and amortization) in Q4 2022 was higher than the same period last year by 4% while in the year 2022 EBITDA was lower than 2021, mainly from the one-time other income from non-core asset sales and mining damage in last year. If we exclude two exceptional items from 2021 EBITDA was 224mTHB and 2022 normalized EBITDA was 229mTHB. However, the Golden Lime standalone EBITDA in 2022 increased from last year by 11%.

Depreciation this year has slightly decreased from last year as some of the assets have fully depreciated.

Finance cost in 2022 reduced from the same period last year due to the continually repayment of principal.

Income tax expense in 2022 has decreased compared to the same period last year as there was Board on Investment (BOI) tax benefit from Solar farm project together with the booking of deferred tax from temporary differences which mainly arose from Saraburi Quicklime (SQL) our subsidiary was completed the liquidation process.

All in all, from above mentioned resulting in the **Net income** in 2022 has increased by 74% compared to the same period last year.



3.2. Assets, Liabilities & Shareholders' Equity

Current assets: mainly decreased from the continuing delivery of kiln components and collection receivable from Golden Lime Engineering subsidiary for the kiln construction business in Indonesia.

Non-current assets: decreased from the depreciation of fixed assets and amortization of intangible assets.

Current liabilities: the short-term loan has increased while the current portion of long-term loan reduced.

Non-current liabilities: decreased from the repayment of long-term loan.

Shareholder equity: increased from net results.

Financial Position Summary as of 31 December 2022 compared to 31 December 2021:

Unit: Million Thai Baht (THB)	31st Dec 2022	31st Dec 2021	31st Dec 2020	YoY change 2022 vs 2021	YoY % change 2022 vs 2021
Total current assets	758.40	775.07	728.35	-16.67	-2%
Total non-current assets	1,442.33	1,457.82	1,487.94	-15.49	-1%
Total assets	2,200.73	2,232.89	2,216.29	-32.16	-1%
Total current liabilities	1,142.65	1,183.60	795.55	-40.95	-3%
Total non-current liabilities	339.91	423.50	810.29	-83.59	-20%
Total liabilities	1,482.56	1,607.10	1,605.84	-124.54	-8%
Total shareholders equity	718.17	625.79	610.45	92.38	15%
Total liabilities plus shareholders equity	2,200.73	2,232.89	2,216.29	-32.16	-1%

3.3. Cash Flow Analysis

Cash and cash equivalents at the end of 2022 increased by 4mTHB from the start of the period of 40mTHB to 44mTHB mainly came from the **net cash flows from operating activities** that mainly increase from the delivery of kiln and collection receivable from Golden Lime Engineering subsidiary for the kiln construction business in Indonesia.

Net cash flows used in investing activities at the end of 2022 has decreased compared to last year as there were the reserve of principal and interest payments under the condition according to the loan agreement in last year.

Net cash flows used in financing activities at the end of 2022 has increased compared to last year as the company has repaid the regular loan repayment for both Saraburi Quicklime



acquisition and TMC acquisition together with finance cost have been repaid on schedule. In addition, the company short-term loans have been drawn down less than last year.

Cashflow Summary as of 31 December 2022 compared to 31 December 2021:

Unit: Million Thai Baht (THB)	FY 2022 YTD	FY 2021 YTD	FY 2020 YTD	YoY change	
				FY 2022 vs FY 2021	FY 2022 vs FY 2021
Cash and cash equivalents at beginning of period	40.10	133.47	83.39	-93.37	-70%
Net cash flows from operating activities	217.45	120.97	223.21	96.48	80%
Net cash flows from (used in) investing activities	-89.77	-119.67	-594.27	-29.90	-25%
Net cash flows from (used in) financing activities	-123.34	-94.67	421.15	-28.67	30%
Net increase (decrease) in cash and cash equivalents	4.34	-93.37	50.08	97.71	-105%
Cash and cash equivalents at end of period	44.44	40.10	133.48	4.34	11%

4. Financial Ratios

	Q4 2022	Q4 2021	Q4 2020	FY 2022	FY 2021	FY 2020
Return on Equity (ROE)	0.45%	-0.21%	9.42%	13.28%	8.28%	37.73%
Return on Assets (ROA)	0.14%	-0.06%	2.91%	4.02%	2.30%	11.64%
Return on Fixed Assets (ROFA)	10.94%	11.04%	20.80%	18.23%	15.48%	34.68%
Debt/Equity Ratio	2.06	2.57	2.63	2.06	2.57	2.63
Net Debt/Equity Ratio	1.54	1.91	1.81	1.54	1.91	1.81
Leverage (Net Debt/EBITDA)	4.89	5.10	2.87	4.89	5.10	2.87
Collection period (Days)	47.28	48.44	47.84	44.48	45.92	55.71

- 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 2022 and Q4 2021) of property, plant and equipment

Mr. Geza Perlaki

Authorized Director

Mr. Krishnan Subramanian Aylur

Authorized Director

