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15 May 2023

Subject: Management Discussion and Analysis of the Company and its subsidiary  
for period ended 31 March 2023

To: The President of the Stock Exchange of Thailand

Attachment: Management Discussion and Analysis ended 31 March 2023

As Golden Lime Public Company Limited (“the Company”) and its subsidiaries have submitted the Interim Consolidated Financial Statements ended 31 March 2023, which have been reviewed by the Company’s authorized auditor appointed by the Annual General Meeting of Shareholder on 4 April 2023.

The Company would like to clarify the operating results of the Company and its subsidiary, please kindly find in 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 March 2023

# 1. Highlights

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- ▶ Health and safety: There was **NO lost time injury** in 2023
- ▶ Sales revenue (consolidated): **418mTHB in Q1 2023** compared with 391mTHB in Q1 2022 an increase of 7%
- ▶ EBITDA (consolidated): **73mTHB in Q1 2023** compared with 76mTHB in Q1 2022 a decrease of 4%; EBITDA (normalized) **79mTHB in Q1 2023** compared with 75mTHB Q1 2022 an increase of 7%
- ▶ Net income: **22mTHB in Q1 2023** compared with 32mTHB in Q1 2022 a decrease of 31%; Net income (normalized) **37mTHB in Q1 2023** compared with 31mTHB in Q1 2022 an increase of 19%

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

The GLOBAL ECONOMIC environment is a mixed bag: deterioration with slowing growth and financial instability as well as stubbornly high inflation in the West, GDP year +1-2% only, while improving growth prospects in range of GDP +3 to 6% and general sense of relative stability in Asia. The region will provide full 2/3 of global growth this year, with India expected to be the fastest growing large economy with annual GDP +6.5%, a quick recovery in China +5.5%, and strong SE-Asian performance in +3 to 6% range. The interest rate increase expectations remain high in the US from current 4.75% to close to 6% by end this year, EU not much behind, in contrast in Asia most central banks decided to do only modest correction of the ultra-low rates of the last 5 years, consequentially regional currencies all yield below the USD, resulting in relatively subdued exchange rates, that provides a double boost to the economy: relatively low financing costs and export competitiveness, contributing to the strong GDP growth.

The THAILAND DOMESTIC ECONOMIC situation improved further: after the Chinese reopening in January, it is widely expected that Thailand will benefit the most: GDP expectations for 2023 saw a positive correction with returning tourism revenue, up to 3.5-4.0% this year, while inflation is slowing from Q4 2022 5.5% to 2-3% this year in-line with BOT targets, at a relatively modest 1.75% current BOT base rate that is not a major drag on the economy.

THAILAND MARKET trends: largest market segment is still steel, that is expected to perform adequately in 2023, ahead of last year same period, driven partly by rebounding construction activity. The chemical industry (partly export driven) performance is also strong, led by major producers. The sugar market, that was expected to perform +15% vs last season, however, did not fulfill the expectations: total seasonal volumes are only in-line with last year, not ahead. The construction segment (AAC, plasters and mortars, soil-stabilization) lime demand continued to improve, partly by organic growth and supply into a market that was suppressed in 2020-2021, but also due to technological shift away from concrete and clay bricks to direction of light materials like AAC. The nonferrous market, with restarting metal ore extraction, will also represent an important segment (after several years of stop) from 2023. We see, however, little improvement in the environmental (FGC, flue gas treatment, water treatment) segments, somewhat contrarian to the general trend.



Thus, the overall picture is encouraging, the predicted long term +5% CAGR long term growth rate seems to materialize this year, but not more.

EXPORT MARKET access for Thai producers improved significantly, with the sharp drop in container freight in Q1 2023, and the relatively weak (34 THB/USD) exchange rate also helped the export competitiveness, that in a combination with the strong demand on the Asian markets, resulted a relative shortage on the market, and thus improving pricing environment (export FOB pricing in Q1 2023 was in USD terms +30-50% higher, with the exception of the WA market, than last year same period)

FUEL costs: The energy markets cooled somewhat after a rocky 2022 (that saw spikes multiple times, after the Ukraine crisis in April and again in September due to global shortage of combustibles), while stabilized in Q1 2023 and are flat now, we still experience 2-2.5 times higher coal and petcoke prices in the global markets, vs the relatively uneventful and stable 2015-2020 period. This resulted in 2021/2022 a major increase of fuel costs (that in a product like burnt lime represents 40-50% of the total production cost) and was one of the key drivers of the price increase of lime products the last two years.

COSTS beyond fuel also saw major escalation: electricity (+40-50% in Q3 2022 – Q1 2023 period, a step up again in January 2023), diesel fuel related internal movements and material handling, fixed costs linked to inflation (peaked 5.5% in Q4 2024), transportation of finished goods to customers, all up very significantly vs same period last year.

As consequence GL had to pass on these cost escalations, and to increase prices of its product, in multiple steps since Q3 2021, continuously in the last 18 months to the market: Q1 2023 was no exception, as we were forced again by escalating costs to increase prices from 1<sup>st</sup> January to all customers. Going forward, if the energy prices stay on the current plateau, we trust there will be an end to this trend, and the market finds a “new normal” at the current levels in 2023.

The core BURNT PRODUCT (quicklime and dolomitic lime) sales experienced in Q1 2023 a volume decrease, due to pricing of the product primarily, that was again somewhat ahead of competition, and due to the sugar offtake below the expected levels. The revenue realization, due to pricing exclusively, and despite the volume drop, increased by +7%.

The crude AGGREGATE product sales of both GL and TMC, due to ready-mix and environmental sales, increased beyond last year’s level, due to improved product, but also a recovering construction market.

The ground calcium carbonate (GCC) of both GL and TMC, increased also above last year level, to new customers entering the market.

The MARBLE activity of TMC, started to improve in Q4 2022, that continued in Q1 2023, to the extent that production could occasionally not deliver the volume requirements of sales (as capacity was scaled back in the 2020-2021 period) these bottlenecks are being removed now, via hiring of additional HR and equipment additions.

GL installed 2.5MW solar capacity so far and considers a phase III SOLAR project adding 1.0MW (project start is permitting and BOI dependent)

GL was able to use in Q1 multiple solid fuels, including petroleum-coke, milled and lump bituminous coal, as per actual market conditions for an overall optimum cost structure. First time since 2021 GL also acquired larger coal shipment, to cover its needs into Q3 2023.



NEW PRODUCT for the Autoclaved aerated concrete (AAC) segment last year is performing well on the market, ramping up sales, acquiring a regular customer base already, we expect further sales increase as the market appreciates the superior techno-commercial value offered.

The FINANCING structure of GL has shifted with the realization of the January EGM approved capital increase, issuing in RO 1:4 ratio 62m additional shares at 4THB/share, raising 249mTHB total. The declared target of this capital increase was to reduce debt (that is more expensive now, than in the last 3 to 5 year period, due to elevated interest rates), to shift the financing structure from debt-heavy (as result of the fully leveraged acquisitions of SQL and TMC) to more balanced debt-equity direction, and to service the expected 50% capital requirements of a future capacity addition.

## 2.Outlook

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ECONOMIC environment in 2023 will continue to improve in the foreseeable future. The key FUEL combustible costs, stable now but on an elevated level, will undoubtedly continue to represent the major challenge in Q2 2023 and throughout the year, we expect however no more market shocks, rather a high but at least flat market.

GL will expand and capitalize on regained competitiveness of Thailand as an export platform, pursuing multiple opportunities, primarily in niche and higher priced segments.

Also, GL will pursue further innovation via NEW PRODUCT DEVELOPMENT projects, as well as explore BIOMASS and other alternative green carbon neutral fuel alternatives.

The FINANCING mix has shifted with 249mTHB capital increase to a more balanced direction, the use of funds will be reported to the SET twice a year in July and January next year.

Overall, we expect in 2023 to be a generally better year, the first one really free from major external market shocks (like Covid or the Ukraine war), that will result in steady growth of sales of burnt products, aggregates, ground calcium carbonate, and also marble products of GL and its subsidiaries.



## 3. Financial highlights (based on Thai FRS)

### Q1 2023 Income Statement Summary as of 31 March 2023 compared to Q1 2022:

	Q1 2023	Q1 2022	Q1 2021	YoY change Q1 2023 vs Q1 2022	YoY % change Q1 2023 vs Q1 2022
Unit: Million Thai Baht (THB)					
Sales and service income	417.57	390.65	342.64	26.92	7%
Other income	6.09	2.11	1.23	3.98	189%
Total revenues	423.66	392.76	343.87	30.90	8%
Cost of sales and services	308.56	286.34	240.42	22.22	8%
Gross profit	109.01	104.31	102.22	4.70	5%
Gross profit margin	26%	27%	30%		
SG&A	75.40	65.91	62.60	9.49	14%
EBITDA	72.53	75.90	78.99	-3.37	-4%
EBITDA margin	17%	19%	23%		
Depreciation and amortization	32.83	35.39	38.14	-2.56	-7%
EBIT	39.70	40.51	40.85	-0.81	-2%
Finance cost	-9.96	-9.01	-8.93	0.95	11%
Income tax expenses	-7.36	0.69	-2.19	8.05	-1167%
Net income for period	22.38	32.19	29.73	-9.81	-30%
Earnings per share (THB)	0.07	0.11	0.10	-0.04	-37%

### 3.1. Analysis of 2023 in comparison with 2022 results

**Revenue from sales and services** in Q1 2023 was higher from the same period last year 7% mainly from the higher sales revenue of core burnt product (quicklime and dolomitic lime) due to higher price, and together with the sales from our subsidiary, marble business started to recover, therefore the sales revenue increased from Q1 2022.

**Other income** in Q1 2023 increased from last year as there was one-time transaction from insurance claim.

**Cost of sales and services** has significantly increased due to fuel cost, diesel cost, and electricity cost, 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 2023 dropped only 1% from Q1 2022.

**SG&A** in Q1 2023 were higher than the same period last year mainly from the one-time renewal expense, if exclude this transaction the SG&A was in line with Q1 2022.



**EBITDA** (Earnings before tax, depreciation, and amortization) in Q1 2023 was 73mTHB slightly lower than the same period last year mainly from the one-time renewal expense. If we exclude this and other exceptional items, the normalized EBITDA in Q1 2023 was 79mTHB higher than the same period last year by 7%. Moreover, Golden Lime standalone EBITDA was 74mTHB increased by 4% from Q1 2022.

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

**Finance cost** in Q1 2023 increased from the same period last year due to the hike of interest rate even there was a continually repayment of principal.

**Income tax** expense in Q1 2023 has significantly increased compared to the same period last year from the profit net results that caused to the utilisation of the unused tax losses which was booked last year as deferred tax assets, the company recorded the reversal of deferred tax assets into income tax expense in this quarter.

All in all, from above mentioned resulting in the Q1 2023 **Net income** decreased by 30% compared to the same period last year. However, the normalized net income (excluding insurance claim, quarry renewal fee, deferred tax) increased by 19% compared to the same period last year

### 3.2. Assets, Liabilities & Shareholders' Equity

**Current assets:** increased from the fuel purchasing for this year production and Account receivable increased from the sales revenue increased.

**Non-current assets:** decreased from the depreciation of fixed assets and amortization of intangible assets, together with the reversal of deferred tax asset.

**Current liabilities:** the short-term loan has decreased from the repayment together with the current portion of long-term has been re-categorized due to the financial condition was met

**Non-current liabilities:** the long-term loan increased from the loan re-categorized. However, if exclude this transaction the long-term loan decreases from the repayment of long-term loan.

**Shareholder equity:** increased from the capital increase and the net results.



### Financial Position Summary as of 31 March 2023 compared to 31 December 2022:

Unit: Million Thai Baht (THB)	31st Mar 2023	31st Dec 2022	31st Dec 2021	YoY change 2023 vs 2022	YoY % change 2023 vs 2022
Total current assets	900.71	758.40	775.07	142.31	19%
Total non-current assets	1,418.40	1,442.33	1,457.82	-23.93	-2%
Total assets	2,319.11	2,200.73	2,232.89	118.38	5%
Total current liabilities	885.79	1,142.65	1,183.60	-256.86	-22%
Total non-current liabilities	445.68	339.91	423.50	105.77	31%
Total liabilities	1,331.47	1,482.56	1,607.10	-151.09	-10%
Total shareholders equity	987.64	718.17	625.79	269.47	38%
Total liabilities plus shareholders equity	2,319.11	2,200.73	2,232.89	118.38	5%

### 3.3. Cash Flow Analysis

Cash and cash equivalents at the end of Q1 2023 were 44mTHB which was close to the beginning of the year. **Net cash flows used in operating activities** increased from the fuel purchasing that can be used in the next 3-4 months, and the increase in account receivable mainly from the sales revenue increased.

**Net cash flows used in investing activities** at the end of Q1 2023 has increased compared to last year from the purchase of fixed assets.

**Net cash flows provided by financing activities** at the end of Q1 2023 has increased compared to last year from the capital increase in February and partly fund was repaid to both short term and long-term loan.

### Cashflow Summary as of 31 March 2023 compared to 31 December 2022:

Unit: Million Thai Baht (THB)	FY 2023 YTD	FY 2022 YTD	FY 2021 YTD	YoY change FY 2023 vs FY 2022	YoY % change FY 2023 vs FY 2022
Cash and cash equivalents at beginning of period	44.44	40.10	133.48	4.34	11%
Net cash flows provided by (used in) operating activities	-52.76	31.26	-54.85	-84.02	-269%
Net cash flows from (used in) investing activities	-28.94	-13.86	-72.37	15.08	109%
Net cash flows from (used in) financing activities	81.74	1.46	29.58	80.28	5499%
Net increase (decrease) in cash and cash equivalents	0.04	18.86	-97.65	-18.82	-100%
Cash and cash equivalents at end of period	44.48	58.96	35.83	-14.48	-25%





## 4. Financial Ratios

	Q1 2023	Q1 2022	Q1 2021	FY 2023	FY 2022	FY 2021
Return on Equity (ROE)	10.50%	20.06%	19.02%	10.50%	20.06%	19.02%
Return on Assets (ROA)	3.96%	5.74%	5.30%	3.96%	5.74%	5.30%
Return on Fixed Assets (ROFA)	18.20%	21.61%	21.19%	18.20%	21.61%	21.19%
Debt/Equity Ratio	1.35	2.43	2.55	1.35	2.43	2.55
Net Debt/Equity Ratio	0.96	1.81	1.94	0.96	1.81	1.94
Leverage (Net Debt/EBITDA)	4.26	5.14	3.06	4.26	5.14	3.06
Collection period (Days)	54.62	48.30	49.42	54.62	48.30	49.42

- Note:
- 1) Net Debt = Interest bearing liabilities – cash and cash equivalents
  - 2) Leverage Q1 and FY use annualized EBITDA for the previous 4 quarters
  - 3) ROFA = (Net profit + Depreciation) / Average (Q1 2023 and Q4 2022) of property, plant and equipment

**Mr. Geza Perlaki**

Authorized Director

**Mr. Krishnan Subramanian Aylur**

Authorized Director

