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13 November 2023

Subject: Management Discussion and Analysis of the Company and its subsidiary
for period ended 30 September 2023

To: The President of the Stock Exchange of Thailand

Attachment: Management Discussion and Analysis ended 30 September 2023

As Golden Lime Public Company Limited (“the Company”) and its subsidiaries have submitted the Interim Consolidated Financial Statements the three-months and the nine-months period ended 30 September 2023, which have been reviewed 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 30 September 2023

1. Highlights

- ▶ Health and safety: There was **one lost time accident** in 2023.
- ▶ Consolidated Sales revenue: **341mTHB in Q3 2023** compared with 363mTHB in Q3 2022 a decrease of 6%; **1096mTHB in nine-month 2023** compared with 1135mTHB in nine-month 2022 a decrease of 3%
- ▶ Consolidated EBITDA: statutory **55mTHB in Q3 2023** compared with 40mTHB in Q3 2022 an increase of 38%; **164mTHB in nine-month 2023** compared with 184mTHB in nine-month 2022 a decrease of 11%, Consolidated EBITDA normalized (excluding exceptional items) **186mTHB in nine-month 2023** compared with normalized 184mTHB in nine-month 2022 an increase of 1%
- ▶ Consolidated Net income: **32mTHB in nine-month 2023** compared with 88mTHB in nine-month 2022; Consolidated Net income normalized **60mTHB in nine-month 2023** compared with 56mTHB in nine-month 2022 an increase of 8%

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

THAILAND economy slowdown continues in Q3 (GDP growth slowed down to annualized 2.6% only, that left a mark on the performance of key segments consuming GL's products. We expect that Q4 the growth prospects remain steady, but this year will nearly certainly close <3% YOY GDP. The Bank of Thailand (BOT) policy of steady rate rises continued to 2.5% still the gap to the USD at 5.75% remained 3.75% in the same period, resulting a continuous pressure on the THB that traded in 35-36 THB/USD range, giving further boost to Thai export competitiveness. The relatively low interest rate environment in Thailand keeps capital investments relatively adequate level, makes business development more attractive, and keep financing costs of ongoing projects under control.

THAILAND MARKET trends: largest market segment steel experienced continued headwinds due to global trends in the steel industry, the market share of imported finished products and semi-finished billets and slabs increased +5-10% at decreasing price level, while the domestic produced hot metal shared fell -5-10%, multiple Electric Arc Furnace operators slowed down or paused operations for a while. This contrasts with last year same period when the hot steel production was on a multi-year peak. The chemical industry performed relatively strong, a continuation of the trend we experienced in Q1 and Q2 this year. The sugar market was a major disappointment in this season incl Q3, as the cane harvest ended up with only at mere 93Mt (peak year 2019 120Mt) overall seasonal performed -17% vs expectations. The construction activity and lime offtake in this segment continued to outperform, especially the AAC offtake and the ornamental marble sales. The environmental (FGC, flue gas treatment, water treatment) segments are still in infancy, though the waste to energy potential is significant.

EXPORT MARKET access for Thai producers improved further, with container freight in Q3 dropping to historic lows, and the weak THB helping export competitiveness. The FOB pricing in Q3 2023 was in



USD terms still +15-30% higher vs 2021-2022 levels (with the exception of the WA market, where pricing declined due to special circumstances)

FUEL costs: The energy markets cooled very significantly further after 2022 peaks, still Q3 we still experienced 1.3-1.8 times higher coal and petcoke prices in the global markets, vs the relatively uneventful and stable 2015-2020 period.

COSTS beyond fuel started to correct, with decrease of electricity prices, diesel and transportation costs, but fix costs grew along with inflation vs last year same period, especially HR costs due to the 2022 5.5% CPI inflation peak and a tight labor market.

As consequence GL had to maintain the elevated prices of Q1 and Q2 this year also throughout Q3. Going forward, if the energy prices stay on the current somewhat moderated levels, we predict the current price level will merge into a “new normal” at or close to current levels in Q4 2023 and FY 2024. The core BURNT PRODUCT (quicklime and dolomitic lime) sales experienced in Q3 2023 a volume decrease vs last year same period, due to weak spots on the market not fully compensated by the strong segments, thus we saw an overall -18%. The revenue realization, due to pricing exclusively, experienced a smaller drop of -6%.

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 quality, and a stronger construction market.

The ground calcium carbonate (GCC) also increased further above last year’s level, to new customers entering the market.

The MARBLE activity of TMC started to improve since Q4 2022, that continued in this year, and the Q3 2023 performance was especially strong, marble overall will close this year at close to double contribution to the consolidated result vs last year.

GL installed 2.5MW solar capacity so far and considers a phase III SOLAR project adding 1.5MW (project start is permitting and BOI dependent) from H1 2024.

NEW PRODUCT introduced for the Autoclaved aerated concrete (AAC) segment last year continues to perform well on the market, acquiring a regular customer base, we expect further sales increase as the market appreciates the superior techno-commercial value offering, GL invested in a 2nd production line, finalized by the end of Q3 2023.

The FINANCING structure of GL has shifted with the realization of the January EGM approved capital increase by 249mTHB away from debt to equity. The declared target of this capital increase was to 1/ reduce debt (that is more expensive now, due to elevated interest rates on 10-year peak), 2/ 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 3/ service the expected 50% capital requirements of a future capacity addition. All planned steps in this direction were completed in Q2 2023. The other objective of the RO was capacity addition via installation of 8th kiln in the HPW plant of GL, this project is being further analyzed and remains on the agenda, while multiple alternative routes of capacity escalation are also explored.

The TMC Khao Kao limestone and marble quarry renewal process concluded at the end of Q2 with a successful 20-year extension of the concession until 2043, securing the raw material supply of GL, for the foreseeable future, in Q3 TMC continued to work on the optimization of this quarry to further extend the reserves.



The TMC TK quarry of pink marble is currently under extension of the extraction license, a process that will see completion in 2024.

The FINANCIAL PERFORMANCE, with EBITDA generation normalized (excluding one-off effects) 55m in Q3 this year vs 40m Q3 last year, improved significantly in the quarter, while the normalized YTD Q3 performance was 185m THB similar to last year same nine-month period.

2.Outlook

The Macro environment in 2023 points in the direction of only 2.6% GDP growth, for next year we expect 3-3.5%. The key FUEL combustible costs, after some moderation, are predicted to remain above 2015-2020 levels in Q4 and through 2024, while we predict from current levels a flat pricing of other variable cost components. FIXED costs will undoubtedly continue to escalate, along with the CPI index, while HR expenses will rise above that due to shortage of blue collar labor in manufacturing activities.

GL will target entry to the new developing domestic markets, including new AAC plants, Nonferrous mining, Bioplastics, while TMC will expand its GCC business, and also follow the marble market recovery with increased production. Beside these existing markets we will develop the soil stabilization market, adding also further new products (blends) and explore opportunities to introduce new products also for the environmental (waste to energy / FGC) segment.

Also, GL will continue the pilot BIOMASS project, as a green carbon neutral fuel, feeding into our ambition of “net zero by 2050” waging this first step however only if economic rationale supports a capital investment.

The FINANCING mix has shifted in Q1 2023 to a more balanced debt/equity structure, this will result a net debt reduction of up to 300mTHB by end of this year last year same period, while financing costs will remain flat as a combined effect of decreasing principal amount vs higher interest rates.



3. Financial highlights (based on Thai FRS)

Q3 2023 Income Statement Summary as of 30 September 2023 compared to Q3 2022:

	Q3 2023	Q3 2022	Q3 2021	YoY change 2023 vs 2022	YoY %change 2023 vs 2022
Unit: Million Thai Baht (THB)					
Sales and service income	341.09	362.68	275.94	-21.59	-6%
Other income	1.09	2.27	21.07	-1.18	-52%
Total revenues	342.18	364.95	297.01	-22.77	-6%
Cost of sales and services	255.15	286.70	215.88	-31.55	-11%
Gross profit	85.94	75.98	60.06	9.96	13%
Gross profit margin	25%	21%	22%		
SG&A	62.43	72.15	56.88	-9.72	-13%
EBITDA	54.84	39.87	59.19	14.97	38%
EBITDA margin	16%	11%	20%		
Depreciation and amortization	30.24	33.77	34.94	-3.53	-10%
EBIT	24.60	6.10	24.25	18.50	303%
Finance cost	-9.26	-8.93	-9.24	0.33	4%
Income tax expenses	-1.93	33.15	-1.11	35.08	-106%
Net income for period	13.41	30.32	13.90	-16.91	-56%
Earnings per share (THB)	0.04	0.10	0.05	-0.06	-63%

Nine-month 2023 Income Statement Summary as of 30 September 2023 compared to nine-month 2022:

	9M 2023	9M 2022	9M 2021	YoY change 2023 vs 2022	YoY %change 2023 vs 2022
Unit: Million Thai Baht (THB)					
Sales and service income	1095.70	1135.43	908.39	-39.73	-3%
Other income	8.35	5.90	23.45	2.45	42%
Total revenues	1104.05	1141.33	931.84	-37.28	-3%
Cost of sales and services	835.10	860.47	671.08	-25.37	-3%
Gross profit	260.60	274.96	237.31	-14.36	-5%
Gross profit margin	24%	24%	26%		
SG&A	199.25	201.26	178.56	-2.01	-1%
EBITDA	164.17	183.56	193.24	-19.39	-11%
EBITDA margin	15%	16%	21%		
Depreciation and amortization	94.47	103.95	111.04	-9.48	-9%
EBIT	69.70	79.61	82.20	-9.91	-12%
Finance cost	-30.75	-26.39	-28.09	4.36	17%
Income tax expenses	-7.19	35.24	-2.63	42.43	-120%
Net income for period	31.76	88.46	51.48	-56.70	-64%
Earnings per share (THB)	0.09	0.29	0.17	-0.20	-69%



3.1. Analysis of 2023 in comparison with 2022 results

Revenue from sales and services in Q3 and nine-month in 2023 were lower from the same period last year partly from the engineering business revenue decreased due to there are no big projects compared to last year that has kiln construction project in Indonesia revenue recognition. In addition, the lower volume of core burnt product (quicklime and dolomitic lime) due to higher price (from cost push), the sugar cane harvest volume lower than expected, and steel customer stopped production in some period on dolomitic lime. However, the chemical segment was strong and construction segment improved from last year, together with the sales from our subsidiary, the marble business started to recover since Q4 2022 and the GCC business also increased from last year level as there were new customers entering the market.

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

Cost of sales and services in Q3 2023 compared to the same period last year, has significantly decreased due to a soften situation in fuel cost, diesel cost, and electricity cost, while the company has been trying to maintain the sales prices, together with our subsidiary TMC business has improved and able to cover the cost more efficiently. As a result, the gross profit margin in Q3 2023 improved by 4% compared to the same period last year. In nine-month 2023, gross profit margin in 2023 has the same level as last year. However, if exclude one-time exceptional item of an allowance for cost reduction as the net realizable value for the goods in the limestone mining business this transaction the gross profit margin in nine-month 2023 would be improved 1% compared to the same period last year

SG&A in Q3 2023 was significantly lower than the same period last year due to lower export while nine-month in 2023 closed to the same period last year mainly from the one-time quarry concession renewal expense, if exclude this transaction the SG&A was also decreased from 2022.

EBITDA (Earnings before tax, depreciation, and amortization) in Q3 2023 has improved from the same period last year by 38% while the nine-month EBITDA in 2023 lower than the same period last year mainly from one-time exceptional items. The normalized nine-month EBITDA 2023 (excluding quarry concession renewal fee, stock provisioning) would be similar to the same period last year.

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

Finance costs Q3 2023 rose by 4% and nine-month increased 17% by compared to the corresponding period in the previous year. Simultaneously, the policy interest rate in Thailand experienced a substantial surge of over 150%. Despite this, our prudent approach of consistently repaying principal, paying the debt more than scheduled, and adopting a more conservative approach to utilizing working capital has effectively minimized the resulting impact.



Income tax expense nine-month in 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 year.

All in all, from above mentioned resulting in the statutory **Net income** in both Q3 and nine-month period have decreased compared to the same period last year mainly from the exceptional tax item last year. The normalized EBITDA (excluding quarry concession renewal fee, stock provisioning, tax credit) in nine-month 2023 would be increased compared to the normalized nine-month EBITDA last year in the same period

3.2. Assets, Liabilities & Shareholders' Equity

Current assets: slightly decreased from last year.

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 significantly 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 accumulated net results.

Financial Position Summary as of 30 September 2023 compared to 31 December 2022:

Unit: Million Thai Baht (THB)	30th Sep 2023	31st Dec 2022	31st Dec 2021	YoY change 2023 vs 2022	YoY %change 2023 vs 2022
Total current assets	753.29	758.40	775.07	-5.11	-1%
Total non-current assets	1,396.17	1,442.33	1,457.82	-46.16	-3%
Total assets	2,149.46	2,200.73	2,232.89	-51.27	-2%
Total current liabilities	777.73	1,142.65	1,183.60	-364.92	-32%
Total non-current liabilities	374.71	339.91	423.50	34.80	10%
Total liabilities	1,152.44	1,482.56	1,607.10	-330.12	-22%
Total shareholders equity	997.02	718.17	625.79	278.85	39%
Total liabilities plus shareholders equity	2,149.46	2,200.73	2,232.89	-51.27	-2%



3.3. Cash Flow Analysis

Cash and cash equivalents at the end of Q3 2023 were 25mTHB, less than Q3 2022 mainly from **Net cash flows provided by operating activities** decreased from the increase in account receivable, and the continuity of paying suppliers.

Net cash flows used in investing activities at the end of Q3 2023 higher than last year from the renewal of the quarry concession.

Net cash flows used in financing activities at the end of Q3 2023 have decreased compared to last year from the capital increase in February and was partly repaid to both short term and long-term loan.

Cashflow Summary as of 30 September 2023 compared to 31 December 2022:

Unit: Million Thai Baht (THB)	9M 2023	9M 2022	9M 2021	YoY change 2023 vs 2022	YoY %change 2023 vs 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	116.56	152.57	74.98	-36.01	-24%
Net cash flows from (used in) investing activities	-66.13	-53.76	-86.96	12.37	23%
Net cash flows from (used in) financing activities	-69.97	-91.94	-81.22	21.97	-24%
Net increase (decrease) in cash and cash equivalents	-19.54	6.87	-93.20	-26.41	-384%
Cash and cash equivalents at end of period	24.90	46.96	40.27	-22.06	-47%

4. Financial Ratios

	Q3 2023	Q3 2022	Q3 2021	9M 2023	9M 2022	9M 2021
Return on Equity (ROE)	6.25%	18.10%	9.01%	4.94%	17.60%	11.13%
Return on Assets (ROA)	2.47%	5.42%	2.52%	1.95%	5.27%	3.11%
Return on Fixed Assets (ROFA)	14.37%	20.71%	15.34%	13.86%	20.73%	17.02%
Debt/Equity Ratio	1.16	2.14	2.53	1.16	2.14	2.53
Net Debt/Equity Ratio	0.85	1.58	1.91	0.85	1.58	1.91
Leverage (Net Debt/EBITDA)	4.08	5.02	4.68	4.08	5.02	4.68
Collection period (Days)	53.61	46.43	46.74	33.38	44.49	42.59

- Note:
- 1) Net Debt = Interest bearing liabilities – cash and cash equivalents
 - 2) Leverage Q2 and FY use annualized EBITDA for the previous 4 quarters
 - 3) ROFA = (Net profit + Depreciation) / Average (Q3 2023 and Q4 2022) of property, plant and equipment

Mr. Geza Perlaki

Authorized Director

Mr. Krishnan Subramanian Aylur

Authorized Director

