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NO. (SUTHA-SET) 003/2024/EN

27 February 2024

Subject: Management Discussion and Analysis of the Company and its subsidiary  
for the year ended 31 December 2023

To: The President of the Stock Exchange of Thailand

Attachment: Management Discussion and Analysis ended 31 December 2023

As Golden Lime Public Company Limited (“the Company”) has submitted the Auditor’s report on the Consolidated Financial Statements ended 31 December 2023, 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 2023

# 1. Highlights

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- ▶ Health and safety: There was **one lost time accident** in 2023.
- ▶ Consolidated Sales revenue: **333mTHB in Q4 2023** compared with 343mTHB in Q4 2022 a decrease of 3%; **1428mTHB in 2023** compared with 1478mTHB in 2022 a decrease of 3%
- ▶ Consolidated EBITDA: statutory **62mTHB in Q4 2023** compared with 43mTHB in Q4 2022 an increase of 43%; **226mTHB in 2023** same level with 2022 at 227mTHB, Consolidated EBITDA normalized (excluding exceptional items) **251mTHB in 2023** compared with normalized 227mTHB in 2022 an increase of 10%
- ▶ Consolidated Net income: **46mTHB in 2023** compared with 89mTHB in 2022; Consolidated Net income normalized **87mTHB in 2023** compared with 58mTHB in 2022 an increase of 50%

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

MACRO trends: the economy slowdown continued in Thailand in Q4, GDP growth slowed down to annualized 1.7% only, compared with projections early 2023 in the 3 to 4% range. The Bank of Thailand (BOT) policy shifted from rate-rises to 2.5% by mid this year, to flat rates, expected to prevail until well into this year. The relatively low interest environment is favorable for investment financing, that may provide a boost to the economy. The relatively low interest rate environment (below global benchmark USD at 5.75%) also means a relatively weak THB trading in 35-36 THB/USD range, giving boost to Thai export competitiveness.

DOMESTIC LIME MARKET segment performance: STEEL, the largest domestic market segment experienced continued weakness due to global trends in the steel industry, the market share of imported finished products and semi-finished billets and slabs increased yet another +5-10% at decreasing price level, while the domestic produced hot metal shared fell further, multiple Electric Arc Furnace operators slowed down or paused operations, one player left the market completely. The SUGAR market, after a major disappointment last season, had a better start into the 2023-2024 period, with expected cane harvest in 100Mt range (up from 93kt last year) but still well below the peak 120kt in 2019. The CONSTRUCTION activity and lime offtake in this segment continued perform well, mainly due to the AAC light block production that is gaining market share against other construction technologies (a trend started 20y ago and will continue into the foreseeable future). Also, the crude product sales into the Ready-mix and GCC markets, linked to construction, show better performance. In contrast MARBLE sales were stagnant in Q4, while performing much better in 2023 overall vs previous years, still not back to 2015-2019 levels. The CHEMICAL industry was another outperformer, with steadily increasing volumes. ENVIRONMENTAL sector sales to flue gas treatment, water treatment, acid neutralization show steady progress.

EXPORT MARKET performance showed a mixed picture, while new accounts were added in AU and TW.

FUEL costs: The energy markets cooled very significantly further after 2022 peaks, but this trend stopped in Q3 2023, and since in the last 6 months pricing levelled at 1.5-1.8 times higher coal and



petcoke prices in the global markets, vs the relatively uneventful and stable 2015-2020 period. In Q4 the trend even reversed, with bituminous coal prices from Indonesian origin on the rise.

OTHER VARIABLE COSTS, after a correction in H1 2023, also levelled no further adjustment down, resulting a 1.2-1.5 times higher than 2015-2020 period, adding to cost pressure. Diesel and related transportation costs were the only bright light with a significant decrease vs last year same period.

FIX COSTS, last year's 5.5% CPI impacted the 2023 HR costs in general, as well as SG&A expenses, also impacting Q4.

The core BURNT PRODUCT (quicklime and dolomitic lime) sales experienced in Q4 2023 a 4% and 22% volume decrease respectively, in line with the trend of FY2023 in general, but more modest than in Q1-Q3. This volume decrease vs last year is attributable to underperforming segments (primarily steel – clearly visible in the DL volumes that is a steel-only product)

The CRUDE PRODUCTS: the 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 (washing), and a stronger offtake on the local construction market.

The sales of GCC (medium grade) also increased further above last year's level, mainly via sales to new customers entering the market.

The MARBLE sales performance of TMC started to improve since Q4 2022, that continued in this year, and the Q4 2023 performance was especially strong, total 28km<sup>2</sup> vs last year same period 23km<sup>2</sup>. The marble business in general will close this year at close to double the 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.

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 8<sup>th</sup> 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.

FINANCING facilities: While no change in the LT facility structure, GL opened a new relation in its WC financing, a diversification of its banking relations.

The TMC TK quarry of pink marble is currently under extension of the extraction license, a process that will see completion by Q4 2024.

The TMC KK quarry is undergoing a perimeter-change that will add to the reserve pool, a process expected to be completed by Q2 2024.

The FINANCIAL PERFORMANCE, with EBITDA generation statutory consolidated at 226mTHB was similar to previous year 227mTHB, but impacted by multiple one-off effects (related to stock



management, reserves, fuel sourcing, fix asset sales etc.), the normalized (excluding such one-off effects) consolidated EBITDA was 251mTHB vs last year same period normalized EBITDA 227mTHB, an increase of 10%

## 2.Outlook

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The Macro environment will continue to be challenging, with slow growth of 3.0-3.5%. The key FUEL combustible costs are expected to be flat or increase, no further drop. FIXED costs will undoubtedly continue to escalate, while HR expenses will rise above that due to shortage of blue-collar labor in manufacturing activities – this cost pressure will undoubtedly impact the pricing on both domestic and export markets.

GL will target entry to the new developing segments, including new AAC plants, nonferrous mining export customers, new bioplastics markets in TH, while TMC will expand its GCC business based on access to additional raw material from the KN quarry, and follow the marble market recovery with increased production levels.

NEW PRODUCTS: “CAVA” introduced at the end of 2022 targeting the autoclaved aerated concrete (AAC) segment, 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 2<sup>nd</sup> production line, finalized by the end of Q3 2023. We expect sales to double in 2024.

The pilot BIOMASS project, as a green carbon neutral fuel, feeding into our ambition of “net zero by 2050” will be developed further, with objective to become “biomass-ready” by the end of 2024.

The FINANCING structure will be largely unchanged, with further de-leveraging via debt reduction remaining a key objective also for 2024.



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

#### Q4 2023 Income Statement Summary as of 31 December 2023 compared to Q4 2022:

|                               | Q4 2023 | Q4 2022 | Q4 2021 | YoY change<br>2023 vs 2022 | YoY %change<br>2023 vs 2022 |
|-------------------------------|---------|---------|---------|----------------------------|-----------------------------|
| Unit: Million Thai Baht (THB) |         |         |         |                            |                             |
| Sales and service income      | 332.74  | 342.96  | 277.12  | -10.22                     | -3%                         |
| Other income                  | 7.18    | 1.78    | 2.84    | 5.40                       | 303%                        |
| Total revenues                | 339.92  | 344.74  | 279.96  | -4.82                      | -1%                         |
| Cost of sales and services    | 246.04  | 271.13  | 213.52  | -25.09                     | -9%                         |
| Gross profit                  | 86.70   | 71.83   | 63.60   | 14.87                      | 21%                         |
| Gross profit margin           | 26%     | 21%     | 23%     |                            |                             |
| SG&A                          | 61.72   | 63.75   | 60.67   | -2.03                      | -3%                         |
| EBITDA                        | 61.56   | 43.04   | 41.35   | 18.52                      | 43%                         |
| EBITDA margin                 | 18%     | 12%     | 15%     |                            |                             |
| Depreciation and amortization | 29.40   | 33.18   | 35.58   | -3.78                      | -11%                        |
| EBIT                          | 32.16   | 9.86    | 5.77    | 22.30                      | 226%                        |
| Finance cost                  | -8.49   | -9.60   | -9.30   | -1.11                      | -12%                        |
| Income tax expenses           | -9.31   | 0.50    | 3.21    | 9.81                       | -1962%                      |
| Net income for period         | 14.36   | 0.76    | -0.32   | 13.60                      | 1789%                       |
| Earnings per share (THB)      | 0.04    | 0.00    | 0.00    | 0.04                       | 1464%                       |

#### Full year 2023 Income Statement Summary as of 31 December 2023 compared to full year 2022:

|                               | FY 2023 | FY 2022 | FY 2021 | YoY change<br>2023 vs 2022 | YoY %change<br>2023 vs 2022 |
|-------------------------------|---------|---------|---------|----------------------------|-----------------------------|
| Unit: Million Thai Baht (THB) |         |         |         |                            |                             |
| Sales and service income      | 1428.44 | 1478.39 | 1185.51 | -49.95                     | -3%                         |
| Other income                  | 15.53   | 7.68    | 26.29   | 7.85                       | 102%                        |
| Total revenues                | 1443.97 | 1486.07 | 1211.80 | -42.10                     | -3%                         |
| Cost of sales and services    | 1081.14 | 1131.60 | 884.60  | -50.46                     | -4%                         |
| Gross profit                  | 347.30  | 346.79  | 300.91  | 0.51                       | 0%                          |
| Gross profit margin           | 24%     | 23%     | 25%     |                            |                             |
| SG&A                          | 260.97  | 265.01  | 239.23  | -4.04                      | -2%                         |
| EBITDA                        | 225.73  | 226.59  | 234.59  | -0.86                      | 0%                          |
| EBITDA margin                 | 16%     | 15%     | 19%     |                            |                             |
| Depreciation and amortization | 123.87  | 137.13  | 146.62  | -13.26                     | -10%                        |
| EBIT                          | 101.86  | 89.46   | 87.97   | 12.40                      | 14%                         |
| Finance cost                  | -39.24  | -35.99  | -37.39  | 3.25                       | 9%                          |
| Income tax expenses           | -16.50  | 35.74   | 0.58    | 52.24                      | -146%                       |
| Net income for year           | 46.12   | 89.21   | 51.16   | -43.09                     | -48%                        |
| Earnings per share (THB)      | 0.13    | 0.30    | 0.17    | -0.17                      | -56%                        |



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

**Revenue from sales and services** 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 price pressure, 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** in 2023 increased from last year as there was one-time transaction from insurance claim and gain from unused fixed assets disposal.

**Cost of sales and services** in both Q4 and full year 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 both Q4 2023 improved by 5% compared to the same period last year. In the full year 2023, gross profit margin has 1% increase from 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, and the fuel sourcing, the gross profit margin in full year 2023 would be improved by 4% compared to the same period last year.

**SG&A** in both Q4 and full year 2023 was lower than the same period last year due to lower export logistic expense together with lower diesel cost. However, there was one-time quarry concession renewal expense, if exclude this transaction the SG&A was significantly decreased from 2022.

**EBITDA** (Earnings before tax, depreciation, and amortization) in Q4 2023 has improved from the same period last year by 43% while the EBITDA 2023 full year was closed to the same period last year mainly from one-time exceptional items. The normalized EBITDA 2023 (excluding quarry concession renewal fee, stock provisioning) would be 10% higher than normalized EBITDA 2022.

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

**Finance costs** Q4 2023 decreased from Q4 2022 by 12% mainly due to the repayment of long-term loan and short-term loan. However, for the full year 2023 finance cost increased by 9% compared to 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 in 2023 has significantly increased compared to the same period last year from the profit net results that caused to the utilization 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 2023 have decreased compared to 2022 mainly from the exceptional tax item. The normalized EBITDA (excluding quarry concession renewal fee, stock provisioning, deferred tax) in 2023 would be increased compared to the normalized EBITDA (excluding tax credit) in 2022.

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

**Current assets:** increased from last year from the higher cash and cash equivalents and account receivables.

**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 31 December 2023 compared to 31 December 2022:

| Unit: Million Thai Baht (THB)              | 31st Dec 2023 | 31st Dec 2022 | 31st Dec 2021 | YoY change<br>2023 vs 2022 | YoY %change<br>2023 vs 2022 |
|--|---------------|---------------|---------------|----------------------------|-----------------------------|
| Total current assets                       | 786.84        | 758.40        | 775.07        | 28.44                      | 4%                          |
| Total non-current assets                   | 1,426.83      | 1,442.33      | 1,457.82      | -15.50                     | -1%                         |
| Total assets                               | 2,213.67      | 2,200.73      | 2,232.89      | 12.94                      | 1%                          |
| Total current liabilities                  | 886.75        | 1,142.65      | 1,183.60      | -255.90                    | -22%                        |
| Total non-current liabilities              | 315.53        | 339.91        | 423.50        | -24.38                     | -7%                         |
| Total liabilities                          | 1,202.28      | 1,482.56      | 1,607.10      | -280.28                    | -19%                        |
| Total shareholders equity                  | 1,011.39      | 718.17        | 625.79        | 293.22                     | 41%                         |
| Total liabilities plus shareholders equity | 2,213.67      | 2,200.73      | 2,232.89      | 12.94                      | 1%                          |

### 3.3. Cash Flow Analysis

Cash and cash equivalents at the end of 2023 were 67mTHB, increase from end of 2022 mainly from **Net cash flows provided by operating activities** from the increase in the cash-basis results

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

**Net cash flows used in financing activities** at the end of 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 31 December 2023 compared to 31 December 2022:

| Unit: Million Thai Baht (THB)                             | FY 2023 | FY 2022 | FY 2021 | YoY change<br>2023 vs 2022 | YoY %change<br>2023 vs 2022 |
|---|---------|---------|---------|----------------------------|-----------------------------|
| Cash and cash equivalents at beginning of period          | 44.44   | 40.10   | 133.47  | 4.34                       | 11%                         |
| Net cash flows provided by (used in) operating activities | 229.33  | 217.45  | 120.97  | 11.88                      | 5%                          |
| Net cash flows from (used in) investing activities        | -113.87 | -89.77  | -119.67 | 24.10                      | 27%                         |
| Net cash flows from (used in) financing activities        | -92.91  | -123.34 | -94.67  | 30.43                      | -25%                        |
| Net increase (decrease) in cash and cash equivalents      | 22.55   | 4.34    | -93.37  | 18.21                      | 420%                        |
| Cash and cash equivalents at end of period                | 66.99   | 44.44   | 40.10   | 22.55                      | 51%                         |



## 4. Financial Ratios

|                               | Q4 2023 | Q4 2022 | Q4 2021 | FY 2023 | FY 2022 | FY 2021 |
|-------------------------------|---------|---------|---------|---------|---------|---------|
| Return on Equity (ROE)        | 6.64%   | 0.45%   | -0.21%  | 5.33%   | 13.28%  | 8.28%   |
| Return on Assets (ROA)        | 2.60%   | 0.14%   | -0.06%  | 2.09%   | 4.02%   | 2.30%   |
| Return on Fixed Assets (ROFA) | 14.21%  | 10.94%  | 11.04%  | 13.80%  | 18.23%  | 15.48%  |
| Debt/Equity Ratio             | 1.19    | 2.06    | 2.57    | 1.19    | 2.06    | 2.57    |
| Net Debt/Equity Ratio         | 0.77    | 1.54    | 1.91    | 0.77    | 1.54    | 1.91    |
| Leverage (Net Debt/EBITDA)    | 3.47    | 4.89    | 5.10    | 3.47    | 4.89    | 5.10    |
| Collection period (Days)      | 54.27   | 47.28   | 48.44   | 51.27   | 44.48   | 45.92   |

**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 (Q4 2023 and Q4 2022) of property, plant, and equipment

**Mr. Geza Perlaki**

Authorized Director

**Mr. Krishnan Subramanian Aylur**

Authorized Director

