

## Message from the Chairman

### Dear Customers, Business Partners, Employees, the Governance unit and Shareholders,

The year 2021 was, after an exceptional 2020, yet another year when the influence of global events on the local business environment was remarkably strong:

First, the pandemic direct impact: the hope a year ago, that 2021 will be no longer a pandemic year, did not materialize, in the contrary, in its 2<sup>nd</sup> year Covid-19 left its mark on the economy in Thailand even stronger than in its 1<sup>st</sup> year, via direct impact of lockdowns (the effect on Golden Lime was via the construction segment performance that was ultra-weak) and international travel restrictions continues to hit the service industry hard (2021 saw record low tourism contribution to the GDP) limiting the performance of the economy in Thailand, that clearly underperformed vs peers in South East Asia (after -7% in 2020 the GDP grew only +3% in 2020, well below its 2019 peak still).

Second, the indirect impact: the exceptional government stimulus of 2020, and ultra lax monetary policies by the FED and ECB, resulted in overheated economies in the US and EU in 2021, with surging demand resulting ultra-high 4-6% growth but also ultra-high 5-7% inflation. This impacted the Thai economy in general and Golden Lime in particular in multiple ways: The export performance of Thailand feeding into the overseas demand was very strong +24% (chemical and steel segment performance was consequently healthy). The demand for combustibles worldwide resulted unprecedented peak in coal and petcoke prices (cost pressure made major sales price increases of burnt-lime finished products inevitable). The worldwide supply chain disruption meant, limitations in overseas logistics from Thailand, especially in container movement (unavailability of logistics capacity, ultra-high pricing) left its mark on the export performance of the entire lime industry in Thailand.

The balance of these external events, with all the negative (general Thai economy weak, construction low, combustible prices ultra high, international logistics capacity limited) and positive (export oriented segments strong performance) impacts resulted an overall drag on Golden Lime's performance.

Still, the overall performance remained adequate: total sales volumes similar to the previous year (due to weak segments compensated with strong ones and new products, revenue above the year before due to new products addition and also major price increases driven by fuel cost pressure, margin generation per unit sold in line with historic averages (due to production network rationalization, cost savings in SG&A, solar, and via fuel swap), acquisition of new export customers and new products and services contributing to the results more than ever before.

The year ended with a consolidated sales and services revenue of 1,186 million Baht (up from last year 1,113 million Baht) and generated EBITDA of 235 million Baht statutory and 233 million Baht normalized (both up from last year 216 million Baht normalized) and a net profit of 51 million Baht statutory and 50 million Baht normalized (up from 38 million Baht normalized net result last year) earnings per share statutory 17 Satang statutory and 17 Satang normalized (up from 13 Satang normalized last year)

The scope of business changed to some extent with a full year of operation of Thai Marble (99.8% owned subsidiary of Golden Lime) consolidating a full year (up from 7 months in 2020)

The core business of limestone and derivative products (aggregates, ground calcium carbonate, burnt lime, burnt dolomite, and hydrated lime production) carried out by Golden Lime and Thai Marble (acquired 13<sup>th</sup> May 2020), generated well over 87% of the revenue and margins, while the non-core marble ornamental stone business, aggregate business, and engineering contributed the remaining 13% of the revenue.

### Highlights of the year 2021:

**Green credentials & sustainability:** the in-house electricity plant (Solar I , 2MW) was operating now full year, and in Q4 work started to supplement with an addition of a further unit (Solar II, 0.5MW ) that will result in further BOI tax benefits, improving both the cost structure, and also the bottom line, beside adding to the sustainability and green credentials of the company. Beside solar, we also launched a biofuel project, with the objective of a pilot production line to be commissioned in the coming years, producing “green lime” for the first time in Thailand, with zero (non-calcination related) CO<sub>2</sub> emission.

**Production network flexibility:** The streamlining of the production infrastructure by concentrating the downstream activity in the three major sites was finished in Q1 2021, also resulting cost savings, and quality improvements. We invested heavily in flex-fuel solutions in 2021, and will continue to do so in the years to come.

**New Products:** the dolomitic lime rollout was nearly final in 2021, adding also export customer, for the first time. The construction industry product launch was not feasible due to the low market in the segment, but on the agenda for 2022.

**Downstream service projects:** multiple initiatives launched in 2021, in the steel industry (lime injection), chemical and sugar segments (milk of lime production in satellite units), that once realized add new service business segment to the Golden Lime product portfolio

**Quality:** Relentless focus is on quality consistency in standard grades, and special qualities for specific niche applications, further extend our product portfolio with customized special products developed to individual customers

**Organization development:** continue to invest in human resources and talent, beyond current needs of the business, to prepare a long-term sustainable future of the enterprise, systematically strengthened the leadership and middle management teams.



**Our long-term vision remains the same:**

**We will develop SUTHA into a leading South East Asian lime producer.**

**In the year ahead in 2022, we will continue to add further growth drivers, diversify and secure raw materials, add further new products and services, driving the topline, margin and bottom line to new heights.**

**We are looking forward together with all stakeholders of SUTHA to a great 2022!**

Date: 25<sup>th</sup> February 2022



Mr. Geza Emil Perlaki  
Managing Director and  
Chairman of the Executive Committee



Mr. Sripop Sarasas  
Chairman of the Board of Directors