



บริษัท ลำสูง (ประเทศไทย) จำกัด (มหาชน)

Lam Soon (Thailand) Public Company Limited

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**Subject: To submit the Interim Management Discussion and Analysis
For the three-month period ended 30 September 2022**

To: Directors and Managers of the Stock Exchange of Thailand

Lam Soon (Thailand) Pcl. (LST) and its subsidiaries would like to inform the operating results for the three-month period ended 30 September 2022. Total revenues were Baht 2,790.3 million, compared to the same period of 2021 with revenues at Baht 2,111.7 million, increasing by 32.1%. The Profit attributable to equity holders of the Company was Baht 59.4 million, compared to the same period of 2021 with the Profit at Baht 144 million, decreasing by 58.8%.

The Company would like to submit the management discussion and financial performance analysis and explanation for the three-month period ended 30 September 2022.

Please be kindly informed.

Sincerely yours,

(Mr. Poomkiet Chotichaicharin)
Managing Director

REFINERY

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Interim Management Discussion and Analysis For the three-month period ended 30 September 2022

Financial performance analysis and explanation

For the three-month period ended 30 September 2022, the Company's sales revenue compared to the same period of 2021 increased by Baht 380.2 million or 23.7%. The main reason was the average selling price per unit increased by 27.1% while the sales volume decreased by 2.7%. Cost of sales increased by Baht 427 million or 29.7%, effecting gross profit to decrease by Baht 46.8 million or 27.9%. As a result, the Company had profit for the period at Baht 15.9 million, a decrease of Baht 42.3 million Baht or 72.7% from the same period of last year.

The palm plantation subsidiary company (UPOIC) : had sales revenue increased from the same period of 2021 equal to Baht 88.8 million or 31.1%, mainly due to the increase in crude palm oil sales volume by 31.1% and the average selling price per unit of crude palm oil slightly increased by 2.8%. In the 3rd quarter, crude palm oil prices dropped 34.9% from the 2nd quarter, in line with the global market decline of 37.2%, mainly due to Indonesia's policy to drain higher oil inventories with a tax exemption on palm oil exports from July 2022.

Its subsidiary company (UFC) : sales revenue increased by Baht 84.7 million or 18.9%, driven by an increase in sales of beverages at Baht 108 million, while sales of canned fruits and vegetables decreased by Baht 21.6 million; sales of sauces, seasonings and others decreased by Baht 1.7 million. Profit for the period increased by Baht 13.2 million or 53.3%.

As reasons above, **profit attributable to equity holders of the Company for the three-month period ended 30 September 2022 was Baht 59.4 million, decreasing by Baht 84.6 million or 58.8%. Profit ratio of total revenues for the period was 2.1%.**

Other major components and changes in consolidated financial statements were as follows:-

1. Revenues

Revenues from contracts with customers : Sales revenue under the Company and its subsidiaries for the period increased by Baht 669.9 million or 32.2%. The increment mainly came from average selling price of the Company and its subsidiaries.

Other income : The Company and its subsidiaries had income other than those generated by normal operation Baht 29.9 million or 1.1% of total revenues (Q3/2021 : Baht 32.4 million) mainly came from selling scrap, palm shell and empty bunch.

Compensation from Insurance : The subsidiary (UPOIC) received full compensation from business interruption insurance from the fire incident that occurred in August 2020 at Baht 12.3 million.

2. Expenses

Cost of sales : The Company and its subsidiaries recorded cost of sales ratio for the period at 91.1% (Q3/2021 : 82.8%). The cost of sales ratio under LST was 93.9% (Q3/2021 : 89.6%) because the average unit cost of sales increased by 30% higher than the increase in average selling price per unit.

Subsidiary (UPOIC) had cost of sales at Baht 372.4 million, an increase of Baht 166.1 million or 80.5% from the same period last year, which was caused by the cost of sales from the fair value adjustment of inventories by 41.6%.

Subsidiary (UFC) recorded cost of sales ratio at 80.7% (Q3/2021 : 78.7%).

Selling expenses : The Company and its subsidiaries recorded selling expenses at Baht 133.8 million (Q3/2021 : Baht 143.3 million), decreasing by Baht 9.6 million. Selling expenses of LST decreased from employee welfare, and UFC decreased from export expenses.

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Administrative expenses : Administrative expenses of the Company and its subsidiaries were Baht 58.7 million (Q3/2021 : Baht 67.9 million), decreasing by Baht 9.2 million, because in Q3/2021, the subsidiary (UPOIC) reserved allowance for impairment of land and net book value of the cost of oil palm plantation on the land.

Loss arising from change in fair value of biological assets : The subsidiary (UPOIC) realized loss from change in fair value of biological assets at Baht 25.5 million (Q3/2021 : gain Baht 1.1 million).

3. Profits

Gross profit (GP) : GP of the Company and its subsidiaries decreased by Baht 112.7 million or 31.5%. The GP ratio of total sales was 8.9% (Q3/2021 : 17.2%).

Profit for the period : Profit attributable to equity holders of the Company was Baht 59.4 million (Q3/2021 : Baht 144 million), decreasing by Baht 84.6 million or 58.8%. Profit ratio of total revenues for the period was 2.1% (Q3/2021 : 6.8%).