



บริษัท ลำสูง (ประเทศไทย) จำกัด (มหาชน)

Lam Soon (Thailand) Public Company Limited

CORPORATE HEADQUARTERS

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February 25, 2022

**Subject: To submit the Management Discussion and Analysis
For the year ended 31 December 2021**

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 year ended 31 December 2021. Total revenues were Baht 9,660.6 million, compared to the year 2020 with revenues at Baht 6,838.6 million, increasing by 41.3%. The Profit attributable to equity holders of the Company was Baht 558.6 million, compared to the year 2020 with the Profit attributable to equity holders of the Company at Baht 383.0 million, increasing by 45.8%.

The Company would like to submit the management discussion and financial performance analysis and explanation for the year ended 31 December 2021.

Please be kindly informed.

Sincerely yours,

(Miss Anchalee Suebchantasiri)
Managing Director

CC: The Securities and Exchange Commission

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We are Certified

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ISO 14001 : 2015

ISO 45001 : 2018

GMP, HACCP

FSSC 22000

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Financial performance analysis and explanation

For the 2021 financial year, the Company's sales revenue increased by 2,474.3 million Baht or 49.7% compared to the year 2020. The main reason was that the average selling price per unit increased by 30.6%, and sales volume increased by 14.6%. The Company's gross profit increased by 84.7 million Baht or 12.0%. The Company's net profit increased by 84.0 million Baht or 30.5% from the previous year. The major reason was effect from the world market price of CPO increasing continuously due to COVID-19 epidemic situation causing a shortage of labour in harvesting which affected CPO export to increase significantly, resulting in the increment of local CPO price that aligned with the CPO price in the world market.

Sales of the subsidiary company (UPOIC) for the year 2021 increased by 1,150.6 million Baht or 124.5% year on year. This was because of increase in average selling price per unit of CPO and CPKO by 48.3% and 71.4% respectively. In addition, sales volume of CPO and CPKO increased by 48.3% and 87.3% respectively. The increase in selling price exceeded the increase in the cost of sales; therefore the subsidiary gain a higher gross profit at 210.7 million Baht or an increase of 125.9% year on year. As a consequence, UPOIC recorded an increase in net profit of 181.7 million Baht (2020: 125.1 million Baht).

The sales revenue of subsidiary company (UFC) at 1,703.1 million Baht represented 7.1% increase (2020: 1,590.0 million Baht). Total export sales revenue grew by 5.6% to 1,278.9 million Baht due to increase in consumer demand and success in penetrating new markets and channels with new products.

For reasons stated above, profit attributable to equity holders of the Company for year 2021 was 558.6 million Baht, increasing by 175.6 million Baht or 45.8% (2020: 383.0 million Baht).

Other major components and changes in 2021 consolidated financial statements are as follows:-

1. Revenues

Sales from contracts with customers : Sales revenue under LST increased by 2,474.3 million Baht or 49.7%, resulting from the increment of the average selling price per unit at 30.6% mainly due to the rising of CPO price in the international market effected to domestic CPO price. In addition, sales volume increased by 14.6%.

Sales revenue under the Company and its subsidiaries for the period increased by 2,790.6 million Baht or 41.5%. Sales revenue in each product group is as table below.

Management Discussion and Analysis For the year ended 31 December 2021

The Company and subsidiaries

Product/Services	2020	2021	Increase (Decrease)
by Group	Mil. Baht	Mil. Baht	Mil. Baht
Vegetable oil	4,328.2	6,926.3	2,598.1
Margarine and Shortening	675.7	685.3	9.6
Other palm based products	61.4	107.5	46.1
Selling Electricity power to PEA	9.1	13.3	4.2
Beverages	955.8	956.9	1.1
Fruits and Vegetables	581.6	691.0	109.4
Sauces and Seasonings and others	118.9	141.0	22.1
Total Sales - Net	6,730.7	9,521.3	2,790.6

Other income : The Company and its subsidiaries had income other than those generated by normal operation at 105.7 million Baht or 1.1% of total revenues (2020: 70.5 million Baht). Details are set out below.

Company and subsidiaries	Mil. Baht	Sources
LST	48.2	Sales of palm shell and scrap
UPOIC	45.7	Sales of palm shell and empty bunch
UFC	16.5	Volume rebate from packaging supplier

2. Expenses

Cost of sales : The Company and its subsidiaries recorded cost of sales for the period at 84.6% of total sales (2020: 83.2%). Cost of sales under LST was 89.4% (2020: 85.8%) because the average unit cost of CPO increased by 34.8%.

UPOIC recorded cost of sales at 1,696.3 million Baht, increasing by 939.9 million Baht or 124.2% from 2020 due to the average FFB cost increasing by 57.2%.

UFC recorded cost of sales at 81.9% of total sales (2020: 83.5%).

Selling expenses : The Company and its subsidiaries recorded selling expenses at 576.6 million Baht (2020: 480.8 million Baht), increasing by 95.9 million Baht. Selling expenses under LST increased by 31.8 million Baht mainly from higher goods transportation and DC fee which aligned with the increase of sales volume.

Management Discussion and Analysis For the year ended 31 December 2021

UFC's selling expenses increased by 43.4 million Baht due to higher goods transportation and promotion which aligned with export sales increase.

Administrative expenses : Administrative expenses of the Company and its subsidiaries were 219.3 million Baht (2020: 212.6 million Baht), increasing by 6.7 million Baht. Administrative expenses under LST increased by 6.8 million Baht mainly from higher employee welfare UPOIC's administrative expenses increased by 5.4 million Baht mainly from loss on disposal of unused assets from using new vertical sterilizer and write off land and palm plantation development on disputed land.

Gain from change in fair value of biological assets : UPOIC realised profit from change in fair value of biological assets of 25.9 million Baht (2020: gain 18.7 million Baht) because the average selling price of CPO and CPKO increased by 48.3% and 71.4% respectively.

Loss from impairment of assets : In 2021, UPOIC recorded loss from impairment of assets at 15.6 million Baht because there was impairment loss on the cost of land and net book value of the cost of palm plantation development on the land reform area in 2021.

3. Profits

Gross profit (GP) : GP of the Company and its subsidiaries increased by 333.1 million Baht or 29.4%. The consolidated GP was 15.4% of total sales (2020: 16.8%). GP of the Company increased by 84.7 million Baht, and GP of UPOIC increased by 210.7 million Baht.

Profit before income tax expenses : The profit before income tax expenses of the Company and its subsidiaries increased by 253.2 million Baht.

Profit for the year : Profit attributable to equity holders of the Company for the year ended 31 December 2021 was 558.6 million Baht (2020: 383.0 million Baht), increasing by 175.6 million Baht or 45.8%. The profit attributable to equity holders was 5.8% of total revenues (2020: 5.6%) and was 0.68 Baht per share (2020: 0.47 Baht per share).