

(Translation)

Ref.No.LEE 09/2022

10 November 2022

Subject : Management Discussion and Analysis for the third quarter ended September 30, 2022

To : President of The Stock Exchange of Thailand

We submit herewith the reviewed consolidated financial statements of Lee Feed Mill Public Company Limited and its subsidiaries (“the Company”) for the third quarter ended September 30, 2022, of which the business operation results for the third quarter of 2022, the Company would like to provide the clarification of performance which was decreased more than 20% compared to the previous year.

For the third quarter of 2022, the operating results of the consolidated financial statement had a net loss of Baht 4.82 million, or 0.01 Baht per share. Compared to the same period of the previous year, net profit was Baht 21.08 million, or 0.02 Baht per share, which represents a decline in profit of Baht 25.90 million, or 123%. This decrease was mainly due to the significant transactions listed below:

1. The revenue from sales decreased, and the gross profit decreased by Baht 31.59 million from the previous year. The gross profit margin for the three-month period ended September 30, 2022 was 4.99% lower than in 2021, 7.26%, mainly due to lower sales volumes. In contrast, the cost structure has continuously increased, including raw material feed costs, Baht depreciation, fuel prices per unit and electricity costs per unit. Nevertheless, the Company can manage to adjust sales prices for animal feeds in keeping with raw-material costs, by requesting approval for upward price adjustments from the Department of Internal Trade. However, price adjustments may not be in line with the price volatility of feed raw materials.
2. Other income for three-month period ended September 30, 2022 was Baht 3.61 million, compared to the same period of previous year which was Baht 1.69 million, increased by Baht 1.92 million.
3. The reversal of allowance for doubtful debts approximately Baht 2.62 million, while there was an allowance for doubtful debts of Baht 0.20 million in 2021, decreased by Baht 2.81 million.



4. The loss on investment in equity instruments for the third quarter of 2022 was equal to Baht 7.88 million. On the contrary, there was a gain of Baht 3.36 million in the same period of the previous year, which decreased by Baht 11.24 million. It is the transaction of an unrealized gain (loss) on investments that is stated of fair value or market price by the end of accounting period (as of September 30, 2022 and 2021, respectively).
5. The gain arising from changes in fair value of biological assets for the third quarter of 2022 was Baht 0.64 million compared to a loss of Baht 2.20 million in the same period of the previous year. This was due to the revaluation of biological assets.
6. Finance cost for the third quarter of 2022 was equal to Baht 0.55 million, compared to the same period of the previous year, which had an amount of Baht 0.73 million, decreased by Baht 0.18 million.
7. The corporate income tax expenses decreased by Baht 8.21 million when compared to the same period of the previous year, mainly resulting from the net profit and deferred tax relating to the temporary differences and reversal of temporary differences.

Please be informed accordingly.

Sincerely Yours,

( Mr. Nipon Leelasithorn )

Chairman of the Executive Director,

and Managing Director