



บริษัท ล้ำสูง (ประเทศไทย) จำกัด (มหาชน)
Lam Soon (Thailand) Public Company Limited

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**Subject: To submit the Management Discussion and Analysis
For the year ended 31 December 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 year ended 31 December 2022. Total revenues were Baht 11,758.7 million (2021 : Baht 9,685.5 million) increasing by 21.4%. The Profit attributable to equity holders of the Company was Baht 432.4 million (2021 : Baht 558.6 million) decreasing by 22.6%.

The Company would like to submit the management discussion and financial performance analysis and explanation for the year ended 31 December 2022.

Please be kindly informed.

Sincerely yours,

(Mr. Poomkiet Chotichaicharin)
Managing Director

CC: The Securities and Exchange Commission

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Financial performance analysis and explanation

For the 2022 financial year, the Company's sales revenue increased by 1,349 million Baht or 18.1% compared to the year 2021. The main reason was that the average selling price per unit increased by 24.3%, while sales volume decreased by 4.9%. The Company's gross profit decreased by 261.4 million Baht or 33.1%. The Company's net profit decreased by 94 million Baht or 26.1% from the previous year. The major reason was effect from the world market price of CPO increasing continuously due to COVID-19 epidemic situation, consequences of the Russian-Ukraine war and Indonesia's palm oil export banned, 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 2022 increased by 163.1 million Baht or 7.9% year on year. This was because of

(a) Increase in average selling price per unit of CPO and CPKO by 16.4% and 33% respectively due to the rising of CPO price in the international market impacted to domestic CPO price.

(b) Higher sales volume of CPO increased by 2.3% while CPKO decreased by 49.2%.

The sales revenue of Universal Food Public Company Limited (UFC) at 1,990.5 million Baht represents 16.9% increase (2021: 1,702.8 million Baht).

Total export sales revenue grew by 25.4 % to 1,603.6 million Baht due to increase in consumer demand and success in penetrating new markets and channels with new products. Total domestic sales decreased by 8.7% to 386.9 million Baht. Domestic sales revenues decline mainly due to decreased sales turnovers of Canned Fruits and Plant-Based Milk (UFC Velvet brand).

For reasons stated above, profit attributable to equity holders of the Company for year 2022 was 432.4 million Baht, decreasing by 126.2 million Baht or 22.6% (2021: 558.6 million Baht).

Other major components and changes in 2022 consolidated financial statements are as follows: -

1. Revenues

Sales from contracts with customers : Revenue under LST increased by 1,349 million Baht or 18.1%, resulting from the increment of the average selling price per unit at 24.3% mainly due to the rising of CPO price in the international market effected to domestic CPO price. In addition, sales volume decreased by 4.9%.

Sales revenue under the Company and its subsidiaries for the period increased by 1,971.4 million Baht or 20.7%. Sales revenue in each product group is as table below.

Management Discussion and Analysis
For the year ended 31 December 2022

The Company and subsidiaries

Product/Services by Group	2021	2022	Increase (Decrease)
	Mil. Baht	Mil. Baht	Mil. Baht
Vegetable oil	6,926.3	8,383.5	1,457.2
Margarine and Shortening	685.3	909.5	224.2
Other palm based products	107.5	121.3	13.8
Selling Electricity power to PEA	13.3	23.0	9.7
Beverages	956.9	1,293.9	337.0
Fruits and Vegetables	691.0	616.2	(74.8)
Sauces and Seasonings and others	141.0	145.3	4.3
	9,521.3	11,492.7	1,971.4

Other income : The Company and its subsidiaries had income other than those generated by normal operation at 164.4 million Baht or 1.4% of total revenues (2021: 130.6 million Baht). Details are set out below.

Company and subsidiaries	Mil. Baht	Sources
LST	50.6	Sales of palm shell and scrap
UPOIC	94.0	Sales of palm shell and empty bunch
UFC	19.8	Volume rebate from packaging supplier

Gain from change in fair value of biological assets : UPOIC realised profit from change in fair value of biological assets of 89.3 million Baht (2021: 25.9 million Baht).

2. Expenses

Cost of sales : The Company and its subsidiaries recorded cost of sales for the period at 89.8% of total sales (2021: 84.9%). Cost of sales under LST was 94% (2021: 89.4%) because the average unit cost of CPO increased by 23.1%.

UPOIC recorded cost of sales at 1,992.1 million Baht, increasing by 270.8 million Baht or 15.7% from 2021 due to the average FFB cost increasing by 17.6%.

UFC recorded cost of sales at 80.6% of total sales (2021: 81.9%).

Selling and distribution expenses : The Company and its subsidiaries recorded selling and distribution expenses at 556.9 million Baht (2021: 576.6 million Baht), decreasing by 19.7 million Baht. Selling expenses under LST decreased by 17.8 million Baht mainly from employee welfare and promotion expenses. UPOIC's selling expenses decreased by 2.2 million Baht in line with the overall decrease in sales volume.

Management Discussion and Analysis For the year ended 31 December 2022

Administrative expenses : Administrative expenses of the Company and its subsidiaries were 241.8 million Baht (2021: 219.3 million Baht), increasing by 22.6 million Baht. Administrative expenses under LST increased by 9 million Baht from employee welfare. UPOIC's administrative expenses increased by 5.9 million Baht mainly from legal advisor fee and UFC's increased from employee welfare.

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

3. Profits

Gross profit (GP) : GP of the Company and its subsidiaries decreased by 268.7 million Baht or 18.7%. The consolidated GP was 10.2% of revenue from contracts with customers (2021: 15.1%). GP of the Company decreased by 261.4 million Baht.

Profit before income tax expenses : The profit before income tax expenses of the Company and its subsidiaries decreased by 123.4 million Baht.

Profit for the year : Profit attributable to equity holders of the Company for the year ended 31 December 2022 was 432.4 million Baht (2021: 558.6 million Baht), decreasing by 126.2 million Baht or 22.6%. The profit attributable to equity holders was 3.7% of total revenues (2021: 5.8%) and basic earning was 0.53 Baht per share (2021: 0.68 Baht per share).