

(Translation)

Ref.No.LEE 02/2023

24 February 2023

Subject : Management Discussion and Analysis for the year ended December 31, 2022

To : President of The Stock Exchange of Thailand

We hereby submit the audited consolidated financial statements of Lee Feed Mill Public Company Limited and its subsidiaries (“the Company”) for the fiscal year ended December 31, 2022, of which the business operation results for the year 2022, the Company would like to provide the clarification of performance which was decreased by more than 20% compared to the previous year.

The operating results of the consolidated financial statement for the year 2022 had a net profit of Baht 29.65 million or 0.03 Baht per share, compared to the same period of the previous year, net profit is Baht 136.08 million or 0.15 Baht per share, representing a total decrease in profit of Baht 106.43 million or 78% of the previous year, primarily due to the significant transactions listed below:

1. The revenue from sales decreased by Baht 371 million compared to the same period of previous year. The gross profit margin for the fiscal year ended December 31, 2022 was at 5.73%, which was lower than the previous year’s margin of 7.57%, 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. Dividend income for the year of 2022 was Baht 4.46 million, down from Baht 41.66 million in the same period of the previous year, a decrease of Baht 37.20 million.
3. The gain on equity instrument at fair value through profit or loss was Baht 2.84 million, compared to Baht 0.96 million in 2021. It is the transaction of unrealized gain on equity instrument which is stated of fair value or market price by the end of accounting period. (As of December 31, 2022 and 2021, respectively)



4. Other income totaled Baht 12.33 million in 2022, an increase of Baht 3.74 million from the same period of the previous year, which was Baht 8.59 million.
5. The reversal of allowance for doubtful debts was approximately Baht 8.08 million, whereas the allowance for doubtful debts in 2021 was Baht 5.26 million, a Baht 13.34 million decrease.
6. The loss on financial assets at fair value to profit or loss for the year of 2022 was Baht 6.01 million, compared to a gain of Baht 22.04 million in the same period of the previous year, a decrease of Baht 28.05 million. It is the transaction of unrealized gain or loss on investments which are stated of fair value or market price by the end of accounting period (as of December 31, 2022 and 2021, respectively).
7. The gain from changes in the fair value of biological assets for the year 2022 was Baht 3.51 million, compared to a gain of Baht 0.62 million in the same period of the previous year. The reason for this was the revaluation of biological assets.
8. Interest income for the year of 2022 was Baht 6.72 million, an increase of Baht 1.24 million from the same period of the previous year, which was Baht 5.48 million.
9. Finance cost for the year of 2022 was equal to Baht 2.27 million, compared to the same period of the previous year, which had an amount of Baht 3.03 million, decreased by Baht 0.76 million.
10. The corporate income tax expenses decreased by Baht 17.68 million when compared to the same period of the previous year, mainly due to the net profit and deferred tax on relating to origination and reversal of temporary differences.

Please be informed accordingly.

Sincerely Yours,

(Mr. Nipon Leelasithorn)
Chairman of the Executive Director,
and Managing Director