



บริษัท ลำสูง (ประเทศไทย) จำกัด (มหาชน)
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August 11, 2023

**Subject: To submit the Interim Management Discussion and Analysis
For the three-month period ended 30 June 2023**

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 June 2023. Total revenues were Baht 2,705.8 million, compared to the same period of 2022 with revenues at 3,214.8 Baht million, decreasing by 15.8%. The Profit attributable to equity holders of the Company was Baht 105.03 million, compared to the same period of 2022 with the Profit at Baht 76.4 million, increasing by 37.5%.

The Company would like to submit the management discussion, financial performance analysis, and explanation for the three-month period ended 30 June 2023.

Please be kindly informed.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Poomkiet Chotichaicharin'.

(Mr. Poomkiet Chotichaicharin)
Managing Director

Financial performance analysis and explanation

For the three-month period ending June 30, 2023, the company's revenue from sales decreased by 608.0 million baht or 23.4% compared to the same period in 2022. This was due to a 33.2% decrease in the average selling price per unit, despite a 14.7% increase in sales volume. The company experienced growth across almost all sales channels. The initial profit increased by 105 million baht due to a reduction in raw material prices. We have been able to effectively manage our price to trade to improve gross margin. The company's cost of sales decreased by Baht 713.3 million or 28.16%, leading to an initial profit increase of 105 million baht or 16.8%. The company achieved a profit of Baht 98 million for the period, a significant increase from the previous year's profit of Baht 21.7 million or a 28.43% increase.

The palm plantation subsidiary company (UPOIC): sales decreased from Q2/2022 by Baht 334.8 million or 52.0%. This reduction was mainly attributed to the decreased average selling price per unit of both crude palm and palm kernel oil, influenced by various factors that affected prices compared to the previous year. Additionally, the sales volume of crude palm oil and crude palm kernel oil decreased by 15.6% compared to the same period in 2022, which typically occur in the second quarter of each year. However, in this year, the production of fresh palm fruit was higher in the first quarter, leading to a 17.4% reduction in crude palm oil production for the second quarter of 2566.

The subsidiary company (UFC) increased its revenue from sales by Baht 65.5 million or 12.5%.

As reason above, the **profit attributable to equity holders of the Company for the three-month period ended 30 June 2023 was Baht 105.0 million, increasing by Baht 28.6 million or 37.4%. Profit ratio of total revenues for the period was 3.8%.**

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

1. Revenues

Revenues from contracts with customers: Revenue from sales of the company and its subsidiaries decreased by Baht 509.0 million or 15.8%, compared to the same period. The decrement mainly came from the average selling price of the Company and its subsidiaries.

Other income: The Company and its subsidiaries had income other than those generated by normal operations Baht 40.9 million or 1.4% of total revenues (Q2/2022: Baht 50.6 million) mainly came from selling scrap and assets of the company such as palm kernels and empty bunch.

2. Expenses

Cost of sales: The Company and its subsidiaries recorded cost of sales ratio for the period at 87.8% (Q2/2022: 91.2%). The cost of sales ratio under LST was 91.6% (Q2/2022: 97.6%) due to a 6% reduction in the average cost of sales per unit, which was greater than the decrease in the average selling price per unit.

Subsidiary (UPOIC) recorded cost of sales at Baht 255.2 million, decreasing from Q2/2022 by Baht 257.2 million or 50.2% because the average raw material cost decreased.

Subsidiary (UFC) recorded cost of sales ratio at 82.2% (Q2/2022: 80.0%).

Selling expenses: The Company and its subsidiaries recorded selling expenses at Baht 142.4 million (Q2/2022: Baht 139.3 million), an increase of Baht 3.1 million. Selling expenses increased by Baht 8 million from goods transportation which aligned with an increase in sales volume.

Interim Management Discussion and Analysis For the three-month period ended 30 June 2023

Administrative expenses: Administrative expenses of the Company and its subsidiaries were Baht 71.3 million (Q2/2022: Baht 60.7 million), an increase of Baht 10.6 million.

Loss arising from change in fair value of biological assets: The subsidiary company (UPOIC) recognized a loss from fair value changes of biological assets amounting to Baht 40.5 million (Q2/2565: profit of Baht 11.8 million), resulting from a decrease in the quantity and price of fresh palm fruit.

3. Profits

Gross profit (GP): GP of the Company and its subsidiaries increased by Baht 47.3 million or 16.8%. The GP ratio of total sales was 12.2% (Q2/2022: 8.8%).

Profit for the period: Profit attributable to equity holders of the Company was Baht 105.0 million (Q2/2022: Baht 76.4 million), increasing by Baht 28.6 million or 37.5%.