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## Message from the Chairman

2022 was an unusually volatile year for palm oil where its prices skyrocketed at least twice; during March driven by the war between Russia and Ukraine, and later by the end of April from Indonesia; the world's No. 1 exporter of Crude Palm Oil (CPO), which temporarily suspended its exportation of palm oil-based products during April 28 – May 23. As a consequence, the global CPO price soared to a record high level at 7,229 ringgit per MT. on April 29. Most analysts have described such situation as a “Super Cycle”. It started in the second half of 2021 with several crucial factors contributed to the soar of CPO price within a year. For instance, the impact of lockdown and work-from-home practices to prevent the spread of COVID-19 had negatively affected the supply side, such as lack of labour, shortage of raw materials, and transportation delay. When demand started to pick up during the course of the year, China's zero covid measures and sanctions imposed by many countries on Russia leading to global energy supply issue. As a result, inflation rate in all countries surged up due to energy price increasing continuously, especially in the first half of 2022.

The monthly average CPO price in the Kingdom has been fluctuating as it reached its highest level in May at over 56 Baht/Kg. before plunging to below 30 Baht at the end of September, and jumping to above 38 Baht in November, and decreasing down to around 33 Baht at the end of December. Such highly volatile movement with the gap between the highest and lowest prices as wide as 30 Baht/Kg. posed a great challenge in managing your Company's inventory and raw materials. In order to cope with this vulnerable business situation, your Company has laid down strong strategic directions to mitigate the risk as follows:

1. Palm oil to remain the core business as it has contributed approximately 80% of turnover and the Company has had expertise of doing this business for over 50 years.
2. Develop and improve manufacturing process by employing advanced technology to increase production efficiency and continuously develop the quality and properties of palm oil products to make them differentiated, starting from the upstream production process, as well as taking care of the environment, and the community.
3. Carry out research and development to add value to various products, particularly bakery ingredient channel with its existing margarine and shortening.
4. Put effort on brand building in healthy consumer food products in the retail channel, under Yok Extra and Naturel brands
5. Focus more on e-commerce marketing to serve consumers' needs in the changing context which is expected to be a permanent channel for retail business in a new dimension.

Finally, I would like to thank the Board of Directors, management and all employees for helping the Company to overcome these challenges this year. More importantly, our core strategies which the Company has been laid down from the start as well as careful and prudent financial management remain key factors in driving the Company to achieve a sustainable growth.

On behalf of the Board of Directors, I wish to express my sincere thanks and appreciation to shareholders, customers, business partners and business alliances, and all stakeholders for rendering their full-fledged support to the Company for all these years. All of you are crucial parts of Lam Soon's leading position in the business that we have been competing. We look forward to your continued support in the future.



Mr. Thira Wipuchanin  
The Chairman