

Ref. No. 0863/53E

August 14, 2020

Subject: Clarification on the Operating Results in the 2nd Quarter 2020 and the First 6-Month Period of 2020

Attn: President

The Stock Exchange of Thailand

The Company wishes to report on the Company's operating results in the 2nd quarter 2020 and the first 6-month period of 2020, having details as follows:

(1) Net profit of the Company and subsidiary companies in the 2nd quarter 2020 totaled Baht 33.84 million, which decreased from the same period last year by Baht 72.36 million with net earnings per share of Baht 0.06, which decreased from the same period last year by Baht 0.14 per share or 68.14 percent, due to the following reasons:

(1.1) Net profit from coal business derived from shareholding proportion of the Company was Baht 11.70 million, which decreased from the same period last year by Baht 36.73 million or 146.74 percent. This was due to the decrease in coal sales volume and the average coal selling price from the same period last year of 2.87 and 9 percent.

(1.2) Net profit from ethanol business derived from shareholding proportion of the Company was Baht 3.26 million, which decreased from the same period last year by Baht 66.74 million or 95.34 percent. This was due to the decrease in ethanol sales volume from the same period last year of 25.02 percent, and the average cost of ethanol sales increased by 34.17 percent due to the molasses price, which is the raw material and a major cost of ethanol production, increased by 32.22 percent.; and

(1.3) Share of income from associated company and other revenue were Baht 42.28 million, which increased from the same period last year by Baht 31.11 million or 278.51 percent. This was due to the increase in foreign exchange gain from the same period last year of Baht 31.96 million, but interest received and other items decreased by Baht 0.58 million.

(2) Net profit of the Company and subsidiary companies in the first 6-month period of 2020 totaled Baht 218.36 million, which decreased from the same period last year by Baht 54.67 million with net earnings per share of Baht 0.42, which decreased from the same period last year by Baht 0.10 per share or 20.02 percent, due to the following reasons:

(2.1) Net profit from coal business derived from shareholding proportion of the Company was Baht 149.16 million or 68.31 percent of the total net profit, which increased from the same period last year by Baht 68.60 million or 85.15 percent. This was due to the increase in coal sales volume from the same period last year of 1.65 percent, but the average coal selling price decreased from the same period last year by 0.32 percent.

(2.2) Net profit from ethanol business derived from shareholding proportion of the Company was Baht 45.36 million or 20.77 percent of the total net profit, which decreased from the same period last year by Baht 116.49 million or 71.97 percent. This was due to the decrease in ethanol sales volume from the same period last year of 13.87 percent and the average cost of ethanol sales increased by 29.71 percent due to the molasses price, which is the raw material and a major cost of ethanol production, increased by 30.30 percent; and

(2.3) Share of income from associated company and other revenue were Baht 23.84 million or 10.92 percent of the total net profit, which decreased from the same period last year by Baht 6.78 million or 22.14 percent due to the decrease in foreign exchange gain from the same period last year of Baht 9.22 million, but interest received and other items increased by Baht 2.85 million.

Details of the changes and impacts are described in the Management Discussion and Analysis (MD&A).

Please be informed accordingly.

Yours faithfully,
For and on behalf of
Lanna Resources Public Company Limited



(Mrs. Petcharat Chayanon)
Chief Officer – Accounting and Finance