



บริษัท น้ำมันพืชไทย จำกัด (มหาชน)
THAI VEGETABLE OIL PUBLIC COMPANY LIMITED

TVO/CP/22/013

August 11, 2022

Subject : Report of the Financial Statement, ended of June 30, 2022

Attention : The President of the Stock Exchange of Thailand

Thai Vegetable Oil Public Company Limited would like to inform you the audited operating results of the Company and its subsidiary (collectively called the “Company”) as ended June 30, 2022, together with the management discussion and analysis as an information for investors and those who found interested.

Operating Results

Operating results of the Company and its subsidiary for three-month and six-month period ended June 30, 2022 and 2021 were as follows;

Unit: Million Baht	For three-month period, ended June 30				For six-month period, ended June 30			
	2022	2021	Increase/(Decrease)		2022	2021	Increase/(Decrease)	
Sales	9,409	7,600	1,809	23.80%	18,632	15,261	3,371	22.09%
Sale of packing materials	130	80	50	62.50%	226	147	79	53.74%
Total sales	9,539	7,680	1,859	24.21%	18,858	15,408	3,450	22.39%
Cost of sales	8,358	6,587	1,771	26.89%	16,763	13,052	3,711	28.43%
Gross profit	1,181	1,093	88	8.05%	2,095	2,356	(261)	(11.08%)
Profit (loss) on exchange rate / derivatives	256	8	248	3,100.00%	321	40	281	702.50%
Other income	55	45	10	22.22%	73	61	12	19.67%
Selling expenses	155	123	32	26.02%	293	248	45	18.15%
Administrative expenses	76	74	2	2.70%	142	130	12	9.23%
Impairment loss on financial assets (Reversal)	(7)	(1)	(6)	600.00%	(1)	13	(14)	107.69%
Reduction cost of inventories to net realisable value (Reversal)	(4)	16	(20)	125.00%	(43)	15	(58)	386.67%

Unit: Million Baht	For three-month period, ended June 30				For six-month period, ended June 30			
	2022	2021	Increase/(Decrease)		2022	2021	Increase/(Decrease)	
Impairment loss on building, machinery and equipment	73	-	73	-	73	-	73	-
Financial cost	1	1	0	0.00%	2	2	0	0.00%
Profit before income tax expenses	1,199	934	265	28.37%	2,024	2,050	(26)	(1.27%)
Income tax expenses	(233)	(200)	(33)	16.50%	(390)	(420)	30	(7.14%)
Net profit attributable to equity holders of the Company	954	726	228	31.40%	1,615	1,609	6	0.37%
Non-controlling interests of the subsidiaries	13	8	5	62.50%	19	21	(2)	(9.52%)

In the second quarter of 2022, the Company and its subsidiary had a net profit Baht 954 million, increased by Baht 228 million or 31.40% from Baht 726 million when compared to the same quarter of 2021. The main reasons were;

1. Sales Revenues

The Company and its subsidiary had total sales revenue of Baht 9,539 million, increased by Baht 1,859 million or 24.21% from Baht 7,680 million when compared to the second quarter of 2021. The sales revenue of the Company from sales of products was Baht 9,409 million, increased by Baht 1,809 million or 23.80% from Baht 7,600 million when compared to second quarter of 2021, and the revenue from sales of packaging materials was Baht 130 million, increased by Baht 50 million or 62.50% from Baht 80 million when compared to the second quarter of 2021. The details were as follows;

- **Revenue from sales of soybean meal and other animal feed ingredients** increased when compared to the second quarter of 2021, mainly due to the increase in selling prices which in line with the rising price of soybean meal in the domestic and global market. However, the sales volume was at the same level as last year. The domestic animal feed producers have increased orders due to the continuously rising prices of pork and chicken which gave incentives for large animal farms to increase their production capacity to keep up with consumer demand. However, the supply of piglets and chickens in various farms still remained limited and some pig farmers are still affected by African Swine Fever (ASF), which spread in Thailand continuously since the end of 2021.
- **Revenue from sales of refined soybean oil** increased when compared to the second quarter of 2021, mainly due to the increase in both sales volume and selling prices which in line with the rising prices of all vegetable oils in the global market. The domestic palm oil stock were relatively tight while demand remained high, causing

consumers turned to soybean oil instead. Meanwhile, the protracted Russo-Ukrainian war has caused not only the supply shortage in sunflower oil worldwide for a while but also the spike in price since both countries were the world's first and second largest sunflower oil exporters. Therefore, sales of premium vegetable oils (sunflower, corn and canola) had slowed and some customers turned to soybean oil as a substitute. The export volume of soybean oil for foreign customers were at a level similar to the second quarter of 2021.

- **Revenue from sales of packaging materials** increased when compared to the second quarter of 2021, mainly due to the increase in sales prices and the overall sales volume, partly due to the revenue of the Surin branch that started to operate in 2021 and the sales have increased.

2. Cost of Sales and Gross Profits

The Company and its subsidiary's cost of sales was Baht 8,358 million, increased by Baht 1,771 million or 26.89% from Baht 6,587 million when compared to the second quarter of 2021 which in accordance with the sales revenue. The gross profits of the Company and its subsidiary was Baht 1,181 million, increased by Baht 88 million or up by 8.05% from Baht 1,093 million when compared to the second quarter of 2021. The main reasons were;

- **Cost of Sales and Gross Profits of the Company:** The Company's cost of sales increased when compared to the second quarter of 2021, mainly due to the rising price of soybeans, the company's main raw material, which in line with soybean prices in the global market. Due to the impact of La Niña phenomenon, there has been a drought in South America's soybean plantations. As a result, the global production of soybeans decreased by more than 10 million tons compared to the previous year and the global soybean stocks to used ratio fell to the lowest level in 8 years. In addition, the Russo-Ukrainian war had affected the supply of other agricultural commodities such as wheat, causing the overall agricultural price to rise. Although the cost of sales has increased at a slightly higher rate than the revenue from sales, but the sales volume of products, especially in soybean oil increased when compared to the same period last year. As a result, the Company's gross profit increased when compared to the second quarter of 2021.
- **Cost of Sales and Gross Profits of the Company's subsidiary:** The cost of sales of the Company's subsidiaries increased in accordance with higher sales volume when compared to the second quarter of 2021, mainly due to the rising of plastic pellet prices, which was in the same direction as crude oil prices. As a result, the cost of plastic pellets which is the main raw material for packaging production has increased.

3. Gain (Loss) on Exchange Rate and Derivatives

The Company has managed to hedge foreign exchange risk with a forward exchange contract. The Thai Baht had depreciated in this quarter, therefore the Company had gain on the foreign exchange rate amounted to Baht 256 million increased by Baht 248 million or 3,100% from Baht 8 million when compared to the second quarter of 2021.

4. Other income

The Company and its subsidiaries had other income of Baht 55 million, increased by Baht 10 million or 22.22% from Baht 45 million when compared to the second quarter of 2021, mainly due to the increase in dividend income, the sale of unused assets and the reversal of the promotional expenses.

5. Selling and Administrative Expenses

The Company and its subsidiary's selling expenses were Baht 155 million, increased by Baht 32 million or 26.02% from Baht 123 million when compared to the same quarter last year. This was mainly due to the increase in advertising costs and export expenses.

Administrative Expenses were Baht 76 million, increased by Baht 2 million or 2.70% from Baht 74 million when compared to the same quarter last year due to the increase in salary, wages and employee benefits.

6. Impairment loss on financial assets (Reversal)

In the second quarter of 2022, the Company and its subsidiaries reversed the recognition of loss on impairment of financial assets value of Baht 7 million.

7. Reduction cost of inventories to net realisable value (Reversal)

In the second quarter of 2022, the Company and its subsidiaries reversed the recognition of loss from reduction of inventories to net realisable value of Baht 4 million in some products.

8. Impairment loss on building, machinery and equipment

In the second quarter of 2022, the Company and its subsidiaries recorded a loss on impairment of building, machinery and equipment of Baht 73 million because the Company plans to renovate some parts of its factories, resulting in the demolition of factory buildings, and the write-off of deteriorated machineries and equipment.

Conclusion of the operational performance of six-month period ended June 30, 2021

For the first half of 2022, the Company and its subsidiary had total sales revenue of Baht 18,858 million, increased by Baht 3,450 million or 22.39%. The total cost of sales was Baht 16,763 million, increased by Baht 3,711 million or 28.43%. Gross profit was Baht 2,095 million, decreased by Baht 261 million or 11.08%. While the selling expenses were Baht 293 million, increased by Baht 45 million or 18.15% and the administrative expenses were Baht 142 million, increased by Baht 12 million or 9.23%. Overall, the Company and its subsidiary had a net profit of Baht 1,615 million, increased by Baht 6 million or 0.37% when compared to the same period last year.

Yours sincerely,

Miss Kanutsorn Bunditnate

Company Secretary

Authorized Signatory