



บริษัท น้ำมันพืชไทย จำกัด (มหาชน)

THAI VEGETABLE OIL PUBLIC COMPANY LIMITED

TVO/CP/23/001

February 24, 2022

Subject : Report of the Financial Statement, ended of December 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 December 31, 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 the year ended December 31, 2022 and 2021 were as follows;

Unit: Million Baht	2022	2021	Increase / (Decrease)	
			Amount	%
Sales	38,679	30,967	7,712	24.90
Sale of packing materials	429	341	88	25.81
Total sales	39,108	31,308	7,800	24.91
Cost of sales	35,986	28,349	7,637	26.94
Gross profit	3,122	2,959	163	5.51
Profit (loss) on exchange rate / derivatives	78	225	(147)	(65.33)
Other income	137	267	(130)	(48.69)
Selling expenses	614	532	82	15.41
Administrative expenses	281	263	18	6.84
Reversal of allowance for expected credit losses	(5)	9	(14)	(155.56)
Reduction of inventory to net realizable value	240	17	223	1,311.76
Loss on write-off of plant, machinery and equipment	77	0	77	100.00
Loss on impairment of plant, machinery and equipment	90	0	90	100.00
Financial cost	(6)	(4)	(2)	50.00
Profit before income tax expenses	2,035	2,625	(590)	(22.48)
Income tax expenses	(403)	(520)	117	(22.50)
Net profit attributable to equity holders of the Company	1,604	2,068	(464)	(22.44)
Non-controlling interests of the subsidiaries	28	37	(9)	(24.32)

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In 2022, the Company and its subsidiary had a net profit Baht 1,604 million, decreased by Baht 464 million or 22.44% from Baht 2,068 million when compared to 2021. The main reasons were;

1. Sales Revenues

The Company and its subsidiary had total sales revenue of Baht 39,108 million, increased by Baht 7,800 million or 24.91% from Baht 31,308 million when compared to 2021. The revenue from sales of products was Baht 38,679 million, increased by Baht 7,712 million or 24.90% from Baht 30,967 million when compared to 2021, and the revenue from sales of packaging materials was Baht 429 million, increased by Baht 88 million or 25.81% from Baht 341 million when compared to 2021. The details were as follows;

- **Sales of soybean meal and other animal feed ingredients:** Sales volumes increased when compared to the year 2021 for both domestic and export customers, mainly due to the epidemic situation of African Swine Fever (ASF) in many countries, including Thailand has eased. As a result, the overall of livestock production is likely to improve, coupled with the recovery from the COVID-19 pandemic, major food manufacturers have expanded their food production capacity to support the recovery of consumption compared to 2021. Therefore, the Company increased sales volume to major food manufacturers and livestock farms due to increased demand for feed ingredients, which replaced the retail animal farmers who gradually decreased due to the impact of ASF, together with the pre-sale strategy to secure sales volumes and offered incentive prices compared to importing soybean meal directly. Revenue from sales of feed ingredients increased due to the selling price per unit in all product groups, both domestic and export, was increased, which was in line with the rising price of soybean meal and the price of all feed ingredients in the global market. In addition, the baht exchange rate is depreciating, which is a factor that supports the export price to be competitive in the market.
- **Sales and selling price of refined soybean oil:** The domestic soybean oil market saw an overall increases in sales revenue due to high selling price throughout the year. However, the overall sales volume decreased compared to the year 2021 due to the sharp and rapid drop in palm oil prices during the second half of the year, which is a major market for vegetable oil consumption in the country. This led some consumers to switch to using palm oil as a substitute. In addition, the overall slow economic recovery after the COVID-19 pandemic caused some consumers to remain cautious in their spending, resulting in a delay in the return of consumer purchasing power. Furthermore, the country's tourism sector, which had just started to see signs of foreign tourists returning, has not yet fully supported the recovery of consumption. Nonetheless, in term of foreign customers, the soybean oil saw an increase in export sales and volumes due to the war between Russia and Ukraine, which limited the supply of vegetable oil in the global market. As both countries are major exporters of sun flower oil, the limited supply caused some foreign customers to switch to using soybean oil as a substitute. Additionally, the weakened Thai baht also played a factor in boosting the continuous growth of soybean oil export sales.

- **Sales of packaging materials:** The Company's subsidiary revenue increased when compared to 2021, mainly due to the increase in the number of new customers, the gradual adjustment of product prices according to the increased cost of sales, and the increase in revenue from Surin branch.

2. Cost of Sales and Gross Profits

The Company and its subsidiary's cost of sales was Baht 35,986 million, increased by Baht 7,637 million or 26.94% from Baht 28,349 million when compared to 2021. The main reasons were;

- **Cost of Sales and Gross Profits of the Company:** The Company's cost of sales has increased compared to 2021 mainly due to the increase in the price of soybeans which is the main raw material. This is consistent with the increase in the price of yellow beans in the global market, which has been continuously increasing since the beginning of 2022, due to Brazil and Argentina, the major producers of soybeans in the world, facing drought conditions from the La Niña phenomenon. This has resulted in a decrease of more than 10 million tons in global soybeans production compared to the previous year, and has led to the lowest soybeans stocks to usage ratio in 7 - 8 years. In addition, the Russia - Ukraine war has also affected the supply of other agricultural products such as wheat, causing overall agricultural prices to increase.
- **Cost of Sales and Gross Profits of the Company's subsidiary:** The cost of sales of the Company's subsidiary increased when compared to 2021, mainly due to the rising price of plastic pellets in line with the global crude oil price, which has been in a continuous uptrend from the end of 2021 to 2022. As a result, the cost of plastic pellets which is the main raw material for packaging production has increased.

3. Profit (loss) on exchange rate / derivatives

The Company has managed to hedge foreign exchange risk with a forward exchange contract. Therefore, the Company had gain on the foreign exchange rate amounted to Baht 78 million decreased by Baht 147 million or 65.33% from Baht 225 million when compared to 2021.

4. Other Income

The Company and its subsidiary generated other incomes of Baht 135 million, decreased by Baht 132 million or 49.44% from Baht 267 million when compared to 2021 because in 2021 there was a revision of burden-free and high-value promotional expenses, which resulted from the company's successful negotiation with business partners. In addition, the Company received the increased in dividend of Baht 26 million in 2022.

5. Selling and Administrative Expenses

The Company and its subsidiary's selling expenses was Baht 614 million, increased by Baht 82 million or 15.41% from Baht 532 million when compared to 2021 due to the increase of promotional expenses and the export expenses.

Administrative expenses were Baht 281 million, increased by Baht 18 million or 6.84% from Baht 263 million when compared to 2021, due to the increase of expenses of salaries, wages, and expenses ceased operations on certain goods.

6. Reversal of allowance for expected credit losses

In 2022, the Company and its subsidiaries reversed the recognition of allowance for expected credit losses value of Baht 5 million.

7. Reduction cost of inventories to net realisable value

In 2022, the Company and its subsidiaries recorded the reduction cost of inventories to net realisable value of Baht 240 million in some products.

8. Loss on write-off of plant, machinery and equipment

In 2022, the Company and its subsidiaries recorded a loss on write-off of plant, machinery and equipment value of Baht 77 million because the Company plans to renovate some parts of its factories, resulting in the demolition of factory buildings, the write-off of deteriorated machineries and equipment.

9. Loss on impairment of plant, machinery and equipment

In 2022, the Company and its subsidiaries recorded losses from impairment of buildings, machinery and equipment that were not in use, value of Baht 90 million.

Sustainability Performance

In 2022, the Company has implemented several key areas including ESG to ensure sustainability embedded in our business operations.

- The Company has been certified with enterprise carbon footprint by Thailand Greenhouse Gas Management Organization (Public Company) or TGO. The Company is currently in the process of developing an action plan that will reduce carbon emissions in all aspects of the operational processes. The Company aims to achieve carbon neutrality by 2045 and towards becoming a net zero emission organization by 2060.
- The Company continuously improves and develops production processes to focus on the most cost-effective and efficient use of all resource's aspects (energy, electricity, water and waste), such as installing solar rooftop on the warehouse's roof, reducing water consumption through the 3R process, as well as undergoing renovation of TVO1 plant, installing new equipment and machines to replace deteriorated old ones, which also helps energy savings. The project is expected to be completed in 2024.
- The Company has developed and designed eco-friendly packaging by eliminating the use of plastic bottle cap seal and rebranding a 1-litre of vegetable oil bottle including soybean oil, corn oil, sunflower oil and canola oil into a completely new bottle. This is a bottle that uses less plastic resin but maintains the same strength standard. It reduces the consumption of plastic pellets by 350,000 kilograms per year and develops

corrugated boxes by using recycled paper. In addition, the Company launched a campaign “A-Ngoon cares the world” to reinforce our commitment to contribute to environmental protection.

- The Company has been certified for renewal of membership of the Thai Private Sector Collective Action Against Corruption (CAC), coupled with received a 5-star or "Excellent CG Scoring" rating and has been ranked in the Top Quartile for the 3rd consecutive year, as well as being selected as listed companies in Thailand Sustainability Investment (THSI) for the year 2022 by the Stock Exchange of Thailand for the 6th consecutive years.

Conclusion of the operational performance in 2022

For the year 2022, the Company and its subsidiary had total sales revenue of Baht 39,108 million, increased by Baht 7,800 million or 24.91%. Total cost of sales was Baht 35,986 million, increased by Baht 7,637 million or 26.94%. Total gross profit was Baht 3,122 million, increased by Baht 163 million or 5.51%. While the total selling expense was Baht 614 million, increased by Baht 82 million or 15.41%. The total administrative expense was Baht 281 million, increased by Baht 18 million or 6.84%. Overall, the Company and its subsidiary had a net profit of Baht 1,604 million, decreased by Baht 464 million or 22.44% when compared to 2021.

Yours sincerely,

Miss Kanutsorn Bunditnate

Company Secretary

Authorized Signatory