



บริษัท น้ำมันพืชไทย จำกัด (มหาชน)

THAI VEGETABLE OIL PUBLIC COMPANY LIMITED

TVO/CP/24/002

February 28, 2023

Subject : Report of the Financial Statement, ended of December 2023

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, 2023, 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, 2023 and 2022 were as follows;

| Unit: Million Baht | 2023 | 2022 | Increase / (Decrease) | |
|---|---------------|---------------|-----------------------|----------------|
| | | | Amount | % |
| Sales | 33,771 | 38,679 | (4,908) | (12.69) |
| Sale of packing materials | 424 | 429 | (5) | (1.22) |
| Total sales | 34,195 | 39,108 | (4,913) | (12.56) |
| Cost of sales | 33,045 | 35,986 | (2,941) | (8.17) |
| Gross profit | 1,150 | 3,122 | (1,972) | (63.19) |
| Profit (loss) on exchange rate / derivatives | 201 | 78 | 123 | 156.99 |
| Other income | 119 | 137 | (18) | (12.97) |
| Selling expenses | 557 | 614 | (57) | (9.26) |
| Administrative expenses | 261 | 281 | (20) | (7.14) |
| Reversal of allowance for expected credit losses | (17) | (5) | (12) | (216.41) |
| Reduction of inventory to net realizable value (reversal) | (280) | 240 | (520) | (216.82) |
| Loss on write-off of plant, machinery and equipment | 0 | 77 | (77) | (100) |
| Loss on impairment of plant, machinery and equipment | 1 | 90 | (89) | (99.15) |
| Financial cost | 20 | 6 | 14 | 239.30 |
| Profit before income tax expenses | 929 | 2,035 | (1,106) | (54.35) |
| Income tax expenses | 179 | 403 | (223) | (55.44) |
| Net profit attributable to equity holders of the Company | 730 | 1,604 | (874) | (54.52) |
| Non-controlling interests of the subsidiaries | 20 | 28 | (8) | (28.87) |

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In 2023, the Company and its subsidiary had a net profit Baht 730 million, decreased by Baht 874 million or 54.52% from Baht 1,604 million when compared to 2022. The main reasons were;

1. Sales Revenues

The Company and its subsidiary had total sales revenue of Baht 34,195 million, decreased by Baht 4,913 million or 12.56% from Baht 39,108 million when compared to 2022. The revenue from sales of products was Baht 33,771 million, decreased by Baht 4,908 million or 12.69% from Baht 38,679 million when compared to 2022, and the revenue from sales of packaging materials was Baht 424 million, decreased by Baht 5 million or 1.22% from Baht 429 million when compared to 2022. The details were as follows;

- **Revenue from sales of soybean meal and other animal feed ingredients** decreased compared to 2022 despite an increase in the average selling price for the whole year which was in line with the price of soybean meal in the domestic and global market especially in the first half of the year. However, sales volume decreased compared to the prior year, mainly due to the global economic slowdown which led to a contraction among export-oriented customers. In addition, the domestic animal feed producers also delayed purchasing orders as a result of the livestock situation that has not yet recovered especially in the swine group that was affected by the problem of illegally imported pork suppressing farmgate pork prices. Moreover, the price of chicken meat continued to decline while the prices of animal feed ingredients increased. As a result, the farmers reduced farm size in order to mitigate risk of losses. All these factors had a direct negative impact on the volume of animal feed orders.
- **Revenue from sales of refined soybean oil products** decreased when compared to 2022, due to the economic slowdown resulting in decreased domestic purchasing power. As a result, customers in the industrial market have reduced production. In addition, consumers were more cautious with their spending therefore they changed behavior to smaller purchase size and less stockpiling. Consequently, the product distribution was delayed at the destination stores. Therefore, the company has concentrated more on selling soybean oil to export markets. In addition, revenue from the sale of refined soybean oil was also affected by a decline in selling prices aligned with the trend of vegetable oil prices in the global and domestic markets. Moreover, the vegetable oil market for consumption was in fierce competition for market share. Intense price competition in the edible vegetable oil market, particularly between soybean and palm oil (with a wider-than-usual price gap), led consumers to choose the lower-priced palm oil across both industrial and consumer sectors.
- **Revenue from sales of packaging materials:** The Company's subsidiary revenue decreased compared to 2022, mainly due to the economic slowdown, high inflation, and the reduction of consumer's purchasing power.

2. Cost of Sales and Gross Profits

The Company and its subsidiary's cost of sales was Baht 33,045 million, decreased by Baht 2,941 million or 8.17% from Baht 35,986 million compared to 2022. The Company and its subsidiary's gross profit was Baht 1,150 million, decreased by Baht 1,972 or 63.19% from Baht 3,122 million compared to 2022. The main reasons were;

- **Cost of Sales and Gross Profits of the Company:** The Company's cost of sales decreased compared to 2022, mainly due to lower sales volume, and lower price of soybeans which served as the main raw material. This was in line with the downward trend in soybean prices in the global market caused by all-time record of Brazil soybean production in 2022/2023, pushing the world's soybean stocks exceeding 100 million tons again. While in 2021/2022, the world's main soybean-producing countries such as Brazil and Argentina encountered dry weather conditions from La Niña causing damage to more than 20 million tons of soybean production. Even though the average selling prices of soybean meal and animal feed ingredients have increased, the average selling price of refined soybean oil products have decreased by more than 20%, following the trend of vegetable oil prices in both the domestic and global markets. Consequently, the average selling price of all products dropped more than its average cost. As a result, the company's gross profit decreased compared to the previous year.
- **Cost of Sales and Gross Profits of the Company's subsidiary:** The cost of sales of subsidiaries decreased compared to 2022 mainly due to the decreased sales. Gross profit decreased due to lower sales and high electricity costs in the first half of the year.

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 and derivative amounted to Baht 201 million increased by Baht 123 million or 156.99% from Baht 78 million when compared to 2022.

4. Other Income

The Company and its subsidiary generated other incomes of Baht 119 million, decreased by Baht 18 million or 12.97% from Baht 137 million compared to 2022 according to lower dividend income. Also, there was a revision of burden-free and high-value promotional expenses in 2022.

5. Selling and Administrative Expenses

The Company and its subsidiary's selling expenses was Baht 557 million, decreased by Baht 57 million or 9.26% from Baht 614 million compared to 2022 due to wages, other employee's benefit, advertising and public relations expense, and exporting expense.

Administrative expenses were Baht 261 million, decreased by Baht 20 million or 7.14% from Baht 281 million compared to 2022, due to wages, other employee's benefit, and expenses ceased operations on certain goods.

6. Reversal of allowance for expected credit losses

In 2023, the Company and its subsidiaries reversed the recognition of allowance for expected credit losses value of Baht 17 million due to the improvement of account receivable collection compared to the previous year.

7. Reduction of inventory to net realizable value (reversal)

In 2023, the Company and its subsidiaries reversed the write-down of cost of inventories of Baht 280 million in some products.

8. 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 1 million.

Sustainability Performance

- In 2023, the Company has been selected by the Stock Exchange of Thailand (SET) to participate in a Climate Change Management Role Model 2023 project. This initiative aims to prepare and elevate greenhouse gas (GHG) management in alignment with the Task Force on Climate-Related Financial Disclosures (TCFD) standards. It involves the development of strategies and guidelines to reduce GHG emissions. The company has set short-term targets to achieve a 20% reduction in GHG emissions by the year 2035 serving as a milestone towards the goal of Carbon Neutrality by 2045 and achieving Net Zero Emission by 2060.
- The Company has consistently enhanced its production processes to align with the Net Zero Emission goal, emphasizing advancements in energy efficiency and the expansion of renewable energy adoption as a substitution for fossil fuels. This involves incorporating bio-mass fuels derived from agricultural residues like bagasse, wood chips, and palm kernels as the primary energy source. Additionally, the Company has installed Solar Rooftop to reduce the use of fossil fuels-based electricity. In 2023, the Company was able to reduce the use of fossil fuels by more than 60,000 tons and installed a solar cell system with a total capacity of 2 megawatts, resulting in a reduction of over 162,600 tons of carbon dioxide equivalent emissions per year.

- The company has obtained certification for both the Carbon Footprint for Organization (CFO) and the Carbon Footprint of 19 main products from the Thailand Greenhouse Gas Management Organization (Public Organization) or TGO. Presently, the company is actively involved in an ongoing greenhouse gas reduction initiative, aiming to achieve Carbon Footprint reduction labels from TGO by the year 2025.
- Through sustainable development integration into the overall business operations, the company has received AA rating from the SET ESG Rating 2023 (formerly known as Thailand Sustainability Investment - THSI) from the Stock Exchange of Thailand. This marks the 7th consecutive year in the Agriculture and Food Industry category, along with a CGR assessment rating of 5 stars from the Thai Institute of Directors (IOD). Additionally, the company has been recertified as a member supporting the Thai Private Sector Collective Action Coalition Against Corruption (CAC), reflecting a commitment to transparent and ethical business management in accordance with corporate governance principles.

Conclusion of the operational performance in 2023

For the year 2023, the Company and its subsidiary had total sales revenue of Baht 34,195 million, decreased by Baht 4,913 million or 12.56%. Total cost of sales was Baht 33,045 million, decreased by Baht 2,941 million or 8.17%. Total gross profit was Baht 1,150 million, decreased by Baht 1,972 million or 63.19%. While the total selling expense was Baht 557 million, decreased by Baht 57 million or 9.26%. The total administrative expense was Baht 261 million, decreased by Baht 20 million or 7.14%. Overall, the Company and its subsidiary had a net profit of Baht 730 million, decreased by Baht 874 million or 54.52% compared to 2022.

Yours sincerely,

Miss Kanutsorn Bunditnate

Company Secretary

Authorized Signatory