



บริษัท น้ำมันพืชไทย จำกัด (มหาชน)

THAI VEGETABLE OIL PUBLIC COMPANY LIMITED

TVO/CP/22/001

February 25, 2022

Subject : Report of the Financial Statement, ended of December 2021

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, 2021, 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, 2021 and 2020 were as follows;

Unit: Million Baht	2021	2020	Increase / (Decrease)	
			Amount	%
Sales	30,967	24,709	6,258	25.33
Sale of packing materials	341	254	87	34.25
Total sales	31,308	24,963	6,345	25.42
Cost of sales	28,349	22,107	6,242	28.24
Gross profit	2,959	2,856	103	3.61
Profit on exchange rate	170	17	153	900.00
Other income	322	83	239	287.95
Selling expenses	532	549	(17)	(3.10)
Administrative expenses	264	249	15	6.02
Reversal of impairment loss on financial assets	9	10	(1)	(10.00)
Reduction of inventory to net realizable value (reversal)	17	10	7	70.00
Financial cost	(4)	(3)	(1)	33.33
Profit before income tax expenses	2,625	2,135	490	22.95
Income tax expenses	(520)	(413)	(107)	25.91
Net profit attributable to equity holders of the Company	2,068	1,656	412	24.88
Non-controlling interests of the subsidiaries	37	67	(30)	(44.78)

In 2021, the Company and its subsidiary had a net profit Baht 2,068 million, increased by Baht 412 million or 24.88% from Baht 1,656 million when compared to 2020. The main reasons were;

1. Sales Revenues

The Company and its subsidiary had total sales revenue of Baht 31,308 million, increased by Baht 6,345 million or 25.42% from Baht 24,963 million when compared to 2020. The revenue from sales of products was Baht 30,967 million, increased by Baht 6,258 million or 25.33% from Baht 24,709 million when compared to 2020, and the revenue from sales of packaging materials was Baht 341 million, increased by Baht 87 million or 34.25% from Baht 254 million when compared to 2020. The details were as follows;

- **Sales of soybean meal and other animal feed ingredients:** The volume decreased when compared to the year 2020 mainly due to the situation of pig farming that has been facing with wide spread outbreak of African Swine Fever (ASF) in many countries including Thailand. As a result, the animal farmers reduced their purchase volume of feed ingredients as the number of pigs in the system has decreased. However, the sales of soybean meal and feed ingredients increased due to the rise in soybean meal selling prices which in line with the rise in global soybean meal prices. In addition, the soybean meal import volume of Thailand in 2021 also decreased from the previous year due to the epidemic situation of COVID-19 and the upswing of soybean meal price in the market causing importers to slow down the import of soybean meal for domestic distribution.
- **Sales and selling price of refined soybean oil:** The volume increased when compared to 2020 especially in domestic soybean oil customers since the sharp increase in domestic crude palm oil price situation because of increasing of domestic consumption and demand for biodiesel after the easing of lockdown measures. The domestic crude palm oil inventories have remained in low level for almost all of the year 2021. As a result, the domestic palm oil prices have increased close to soybean oil prices and even higher than soybean oil prices in the fourth quarter of 2021. Consequently, consumers have switched to buy soybean oil instead of palm oil. Modern Trade customers, therefore, increased soybean oil orders, as a result of price factors and changes in consumer behavior. In terms of foreign customers, the export of soybean oil benefited from the relatively tight vegetable oil inventories globally, causing the global vegetable oil price to rise and the company can adjust the selling price and sales volume to increase especially in the second half of 2021.
- **Sales of packaging materials:** The Company's subsidiary revenue increased when compared to 2020, mainly due to the gradual adjustment of product prices according to the increased cost of sales.

2. Cost of Sales and Gross Profits

The Company and its subsidiary's cost of sales was Baht 28,349 million, increased by Baht 6,242 million or 28.24% from Baht 22,107 million when compared to 2020. The main reasons were;

- **Cost of Sales and Gross Profits of the Company:** The cost of sales of the Company increased when compared to 2020 mainly due to the price of soybeans, the company's main raw material, increased from the previous year. This is in line with global soybean prices that have risen since the beginning of 2021, as the losses of US soybean production in late 2020, causing US soybean ending stocks stayed low. Moreover, the uncertainty of the climate in South America due to the La Niña phenomenon causing the world's soybean production to be unpredictable. While in the beginning of 2021, China has accelerated imports of soybeans from the United States and the world demand for soybeans remained high. As a result, the soybean prices rose sharply in the first half of 2021 before starting to decline in the second half of the year because soybean harvest in the United States for season 2021/22 shown to have a better direction. Overall, the average soybean price in 2021 increased by more than 40% from 2020. Nevertheless, the sales revenue of the company had increased at a higher rate compared to the increase in cost of sales, as a result the gross profit of the Company was Baht 2,959 million, increased by Baht 103 million or 3.61% from Baht 2,856 million when compared to 2020.
- **Cost of Sales and Gross Profits of the Company's subsidiary:** The cost of sales of the Company's subsidiary increased when compared to 2020, mainly due to the rising price of plastic pellets that were in the same direction as the crude oil price. As a result, the cost of raw material for packaging production has increased. Although the selling price was gradually adjusted but the cost of sales has increased at a higher rate, therefore the subsidiary's gross profit has decreased when compared to 2020.

3. Gain on Exchange Rate

Despite of fluctuations in the exchange rate, the Company was able to manage and hedge against exchange rate risk, which resulted in a net profit in exchange rate totaling Baht 170 million increased by Baht 153 million or 900% from Baht 17 million when compared to year 2020.

4. Other Income

The Company and its subsidiary generated other incomes of Baht 322 million, increased by Baht 239 million or 287.95% from Baht 83 million when compared to 2020, mainly due to the recognition of gains on commodity price hedging contracts, dividend income and the reversal of promotional expenses.

5. Selling and Administrative Expenses

The Company and its subsidiary's selling expenses was Baht 532 million, decreased by Baht 17 million or 3.10% from Baht 549 million when compared to 2020 due to the decrease in the cost of sales promotion and advertising expenses.

Administrative expenses were Baht 264 million, increased by Baht 15 million or 6.02% from Baht 249 million when compared to 2020, due to the expenses of salaries, wages and employee benefits.

6. Reduction of inventory to net realizable value

In 2021, the Company recorded a reduction of inventory to net realizable value received Baht 17 million in some products items.

Conclusion of the operational performance in 2020

For the year 2021, the Company and its subsidiary had total sales revenue of Baht 31,308 million, increased by Baht 6,345 million or 25.42%. Total cost of sales was Baht 28,349 million, increased by Baht 6,242 million or 28.24%. Total gross profit was Baht 2,959 million, increased by Baht 103 million or 3.61%. While the total selling expense was Baht 532 million, decreased by Baht 17 million or 3.10%. The total administrative expense was Baht 264 million, increased by Baht 15 million or 6.02%. Overall, the Company and its subsidiary had a net profit of Baht 2,068 million, increased by Baht 412 million or 24.88% when compared to 2020.

Yours sincerely,

Kanutsorn Bunditnate

Company Secretary

Authorized Signatory