



บริษัท สหอุตสาหกรรมน้ำมันปาล์ม จำกัด (มหาชน)
United Palm Oil Industry Public Company Limited

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November 10, 2022

**Subject: To submit the Interim Management Discussion and Analysis
For the three-month period ended September 30, 2022**

To: Directors and Managers of the Stock Exchange of Thailand

United Palm Oil Industry Public Company Limited (UPOIC), its subsidiaries and its jointly controlled entity would like to inform the operating result for the three-month period ended September 30, 2022, which had net loss for the period Baht 5.1 million, compared to the same period of 2021, profit decreased Baht 77.9 million or 107.0%.

The Company would like to submit the interim management discussion and analysis for the three-month period ended September 30, 2022.

Please be kindly informed.

Sincerely yours,

(Miss Anchalee Suebchantasiri)

Managing Director

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A Subsidiary of Lam Soon (Thailand) Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

For the three-month period ended September 30, 2022

Financial Performance and Analysis Explanation

1. Revenue

Total sales of the Group in Q3/2022 increased by Baht 88.8 million or 31.1% from the same period of 2021. This was mainly due to sales volume of CPO increasing by 31.1% and average selling prices of CPO slightly increasing by 2.8%. The declining of CPO prices 34.9% from Q2'2022, in line with the 37.2% drop in global market price, was caused by Indonesia has a policy to drain higher CPO stock by adopting exemption tariffs on palm oil exports since July 2022.

Other income in Q3/2022 increased by Baht 12.3 million due to insurance compensation of business interruption from fire accident occurred in August 2020.

2. Cost of Sales and Expenses

- Cost of sales in Q3/2022 was Baht 372.4 million higher than the same period of prior year Baht 166.1 million or 80.5% caused by cost of sales from the fair value adjustment of inventories 41.6%.
- Selling expenses increased by Baht 2.1 million due to goods transportation costs in line with the increase in sales volume.
- Administrative expenses decreased by Baht 12.0 million as provision for impairment was set up for land and palm trees of ALRO designating land plot No. 603 in Krabi Noi estate 13.5 MB during Q3 of last year.
- Loss from change in fair value of biological assets Baht 25.5 million as FFB price in Q4'2022 tend to decline compared to the previous quarter of this year (Q3/2021: Profit Baht 1.1 million)

3. Consolidated Profit

According to reasons above, in Q3/2022, the Group therefore recorded lower gross profit by Baht 77.3 million or 97.7%. Furthermore, the Company realized loss from change in fair value of biological assets from adopted TAS 41 Agriculture and Accounting Treatment Guidance for Recognition and Measurement of Bearer Plant. However, the Company recognized the increase in other income including administrative expenses decreased as mentioned. In addition, the Group recognized an increase in profit sharing from a Joint Venture by Baht 7.1 million. As a result, the Group's net profit after tax was reduced by Baht 77.9 million (Q3/2021: net profit after tax of Baht 72.8 million).