



บริษัท วิจิตรภัณฑ์ปาล์มออยล์ จำกัด (มหาชน)

VICHITBHAN PALMOIL PUBLIC COMPANY LIMITED

2044 ถนนเพชรบุรีตัดใหม่ แขวงบางกะปิ เขตห้วยขวาง กรุงเทพฯ 10310
2044 PHETBURI EXTENSION ROAD, BANGKAPI HUAYKWANG BANGKOK 10310

No 072/2022

November 10, 2022

Subject: Management's Discussion and Analysis of Financial Condition and Results of Operations regarding consolidated for the 3rd quarter on September 30, 2022

To: The President of Stock Exchange of Thailand

Vichitbhan Palmoil Public Company Limited and its subsidiaries would like to submit the Management's Discussion and Analysis of Financial Condition and Results of Operations regarding Consolidated for the 3rd quarter on September 30, 2022. The net loss of the company and its subsidiaries was THB 32.00 million, the loss increasing from the 3rd quarter on September 30, 2021 which had net gain THB 16.49 million, the increasing proportion was considered 294.03 percent. There were important factors affecting the performance for 3rd quarter on September 30, 2022 as follows.

Performance Analysis

Revenue

The total revenues of the 3rd quarter on September 30, 2022 was THB 279.07 million which decreased from THB 395.42 million or 29.42 percent from the same period last year, according to the sales volume of crude palm oil decreasing by 44.69 percent. Although, the sales volume of kernel increasing by 13.52 percent. And the average selling price of crude palm oil and kernel increased by 15.01 and 18.25 percent respectively, but average unit cost of crude palm oil increased by 30.49 percent resulting in the Company has decreased revenue in this quarter.

Cost of sales and Gross Profit

Cost of sales of the 3rd quarter was THB 273.92 million which decreasing from THB 351.51 million of the same period last year or decreasing 22.07 percent. The proportion of cost of sales per revenue of this quarter has increased by 98.15 percent from 88.89 percent of the 3rd quarter of 2021. Because the Company has inventories brought forward for sales that high average cost per unit.

Selling Expense and Administrative Expense

The Company selling expense for the 3rd quarter of 2022 was THB 4.25 million decreased from THB 4.60 million in the same period last year or decreased 7.54 percent according to decreasing in sales volume.

Administrative expenses increased to THB 33.21 million from THB 23.45 million of the same period last year, which increasing by 9.75 percent, because the Company has recorded a loss on exchange rates from export sales.

Net Profit (loss)

The Company net loss in the 3rd quarter of 2022 was THB 32.00 million while in the same period of the year 2021 had net gain of THB 16.49 million because sales volume decreased and cost per unit increased.

Assets

Total assets of the Company at the end of September 2022 was THB 874.15 million increased from THB 871.31 million at the end of year 2021, the increased amount was THB 2.84 million or 0.33 percent due to the increased of inventories and other by THB 80.68 million and THB 16.46 million, or the increased ratio consider to 69.19 and 153.52 percent respectively, while the decreased of account receivable and fixed asset by THB 42.94 million and THB 50.43 million or the decreased ratio consider to 69.20 and 7.53 percent respectively, according to term of payment and depreciation.

Liabilities

At the end of September 2022, the Company had total liabilities of THB 250.01 million decreased from THB 289.93 million in the end of 2021 or decreased by THB 39.92 million or 13.77 percent. This was due to a decrease in loans from financial institution.

Equity

The Company had THB 623.55 million of equity in 3rd quarter of 2022 increased from THB 581.38 million in the end of 2021, increased by 42.17 million or 7.25 percent, according to performance of the company.

Factors affecting the operation and financial statement of the Company's in the future.

In Q3, 2022, the stock level of palm oil in the global market remains high and is likely to increase continuously due to increased production. As a result, Indonesia, the world's largest palm oil exporter, has a policy to stimulate the export to reduce the domestic excess supply. The temporary exemption on export tariffs has been extended until October 31, 2022, which is the main factor contributing to the increase in supply in the market. However, there are other factors, such as concerns about the global economy that may slow down caused by the increase in interest rate in many countries to hedge against inflation, and China continuing its zero-COVID policy. These factors affect demand, causing the

decrease in the consumption of crude palm oil and petroleum. As a result, in the third quarter of 2022, there was a large excess supply in the market. In addition, lower soybean oil prices as a result of increased yields cause the price of crude palm oil to drop. The price of crude palm oil in Thailand is moving in the same direction.

For the viewpoint on the palm oil industry for the rest of this year, it is estimated that the yields in the international market will increase. As a result, the overall stock remains at a high level continuously for a while. Demand for crude palm oil is expected to increase due to (1) the energy crisis in Europe, especially in winter, and the increased demand for biodiesel as a result of the change to renewable energy consumption, (2) the escalation of tensions between Russia and Ukraine possibly causing disruptions of the supply of sunflower oil from Black Sea ports in Ukraine, (3) the entry into the phase of tourism, leading to the increasing global petroleum demand. However, according to the supply and demand situation, the overall market is expected to remain volatile. Regarding the market situation in Thailand, the stock level and yield volumes until Q4 this year are forecasted to be fairly large. The government sector has announced a policy to increase the proportion of biodiesel blending from B5 to B7, which is expected to increase the demand for crude palm oil in the short term. However, there are other factors to be monitored, such as the movement of soybean oil prices in the global market, changes in exchange rates, concerns about global inflation possibly leading to a recession in the early of next year, COVID-19 situation, and policy on palm oil export. Therefore, the Company will further closely monitor various factors and policies, including the domestic and international situations that will affect the industry.

Please be informed accordingly,

Yours truly,

(Mr. Krisada Chavananand)

Managing Director