



บริษัท วิจิตรภัณฑ์ปาล์มออยล์ จำกัด (มหาชน)

VICHITBHAN PALMOIL PUBLIC COMPANY LIMITED

2044 ถนนเพชรบุรีตัดใหม่ แขวงบางกะปิ เขตห้วยขวาง กรุงเทพฯ 10310

2044 PHETBURI EXTENSION ROAD, BANGKAPI HUAYKWANG BANGKOK 10310

No 045/2023

February 20th, 2023

Subject: Management's Discussion and Analysis of Financial Condition and Results of Operations regarding consolidated for the year ended on December 31st, 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 year ended on December 31st, 2022. The net profit of the company and its subsidiaries was THB 15.92 million, the profit decreasing from the last year which had net gain THB 46.22 million, the decreasing proportion was considered 65.55 percent. There were important factors affecting the performance for the year ended on December 31st, 2022 as follows.

Performance Analysis

Revenue

The total revenues of the year ended December 31, 2022 was THB 2,348.54 million which increased from THB 1,369.09 million or 71.54 percent from the same period last year, according to the average selling price of crude palm oil and kernel increasing by 33.33 and 24.92 percent respectively. And the volume of crude palm oil and kernel increased by 34.92 and 17.25 percent respectively, resulting in the Company has increased revenue in the year 2022 than last year.

Cost of sales and Gross Profit

Cost of sales for the year ended on December 31st, 2022.was THB 2,174.37 million which increasing from THB 1,222.59 million of the same period last year or increasing 77.85 percent. The proportion of cost of sales per revenue of this year has increased by 92.58 percent from 89.30 percent of the last year. Due to the average price of fresh palm fruit increased by 31.21 percent, as a result the proportion of cost of sale per revenue has increased.

Selling Expense and Administrative Expense

The Company selling expense for the year 2022 was THB 23.72 million increased from THB 16.24 million in the same period last year or increased 46.08 percent according to

increasing in the volume sales of in the year 2022 increased by 34.92 percent, and the average price of diesel fuel increased by 29.11 percent.

Administrative expenses increased to THB 92.30 million from THB 85.99 million of the same period last year, which increasing by 7.34 percent from employee expenses.

Net Profit (loss)

The Company net profit in the year 2022 was THB 15.92 million while in the year 2021 had net profit of THB 46.22 million or decreased 65.55 percent since ratio of cost per revenue increasing from the mentioned above.

Assets

Total assets of the Company at the ended December 31, 2022 was THB 738.66 million decreased from THB 871.31 million at the end of year 2021, the decreased amount was THB 132.64 million or 15.07 percent due to the decreased of account receivable and inventories by THB 15.84 million and THB 53.30 million, respectively, the reduced ratio consider to 25.53 percent and 46.25 percent according to the normal product sales cycle and the decreased of non-current assets such as land, building, and equipment which declined by THB 65.13 million, the proportion decreased was 9.73 percent from depreciation.

Liabilities

At the year ended of December 31, 2022, the Company had total liabilities of THB 142.90 million decreased from THB 289.93 million in the end of 2021 or dropped by THB 147.03 million or 50.71 percent. The main factor for the decline was the repayment to financial institutions according to the loan repayment term.

Equity

The Company had THB 597.14 million of equity in the year ended of 2022 which increased from THB 581.38 million in 2021, increased by 15.76 million or 2.71 percent, according to performance of the company.

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

Overall, 2022 saw changes in the global market conditions with significant effects on raw palm oil. In early 2022, the war between Ukraine and Russia affected the global economy and caused a significant decline in petroleum and sunflower oil supplies. In addition, in late April, Indonesia, which is the world's largest producer and exporter of palm oil, made a policy to ban palm oil exports, bringing the supply of palm oil for the global market to a halt. These factors caused palm oil prices to be consistently high until the end of May. A surplus of palm oil in the country caused Indonesia to rescind the policy of banning exports and specify export quotas instead along with adding export support policies to reduce domestic palm oil stocks. This relaxed palm oil supply and caused palm oil prices to decline continually. In addition, another factor causing palm oil prices to drop continually is

the COVID-19 pandemic easing and becoming a local disease, which eased labor shortages in Malaysia's agricultural sector, causing Malaysia to have significantly higher supply. When coupled with reduced demand from anxiety about recession from interest hikes against inflation by many countries and China's Zero COVID-19 policy, the overall palm oil market is in oversupply, causing raw palm oil prices to trend downward rapidly at the end of Quarter 2 to Quarter 3. Palm oil prices in Thailand are moving in a direction consistent with the global market. In Thailand, productivity increased significantly, particularly in Quarter 2, which is the palm fruiting season. In addition, Thailand exported large amounts of palm oil because raw palm oil prices in the global market are higher than domestic prices.

Concerning global market trends of the palm oil industry in 2023, at the beginning of the year, raw palm oil prices will fluctuate due to many factors including Indonesia's policy to reduce palm oil exports and palm oil stock trends, which are not high. However, soybean prices are expected to rise due to reduced production because of dry climate conditions in producer countries such as Argentina and demand uncertainty while raw palm oil prices in 2023 will decline from 2022. In Thailand's palm oil market, raw palm oil demand is expected to increase from consumption and renewable energy due to economic recovery mainly boosted by tourism. However, because of high raw palm oil stocks at the beginning of the year and expectations of higher production than 2022, oversupply is expected. Raw palm oil prices are likely to decline with opportunities to export large amounts of raw palm oil in 2023.

There are risk factors such as demand and supply uncertainty, government sector policies in various countries and potential for economic recession, all of which affect the palm oil industry. Therefore, these factors need to be closely monitored to enable changes in working strategies to be consistent with changes in the situation.

Please be informed accordingly,

Yours truly,

(Mr. Krisada Chavananand)

Managing Director