



บริษัท วิจิตรภัณฑ์ปาล์มออยล์ จำกัด (มหาชน)

VICHITBHAN PALMOIL PUBLIC COMPANY LIMITED

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

No 060/2023

May 10, 2023

Subject: Management's Discussion and Analysis of Financial Condition and Results of Operations regarding consolidated for the 1st quarter on March 31, 2023

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 1st quarter on March 31, 2023. The net loss of the company and its subsidiaries was THB 25.40 million, the loss increasing from the 1st quarter on March 31, 2023 which had net loss THB 4.27 million, the increasing proportion was considered 495.58 percent. There were important factors affecting the performance for 1st quarter on March 31, 2023 as follows.

Performance Analysis

Revenue

The total revenues of the 1st quarter on March 31, 2023 was THB 218.16 million which decreased from THB 487.54 million or 55.25 percent from the same period last year, according to the sales volume of crude palm oil decreasing by 30.90 percent. Although, the sales volume of kernel increasing by 53.15 percent. And the average selling price of crude palm oil and kernel decreased by 40.89 and 59.01 percent respectively, while average unit cost of crude palm oil and kernel decreased by 45.30 and 40.38 percent respectively, But the decrease in proportion is less than the decrease in sales volume and selling price, resulting in the Company has decreased revenue in this quarter.

Cost of sales and Gross Profit

Cost of sales of the 1st quarter was THB 202.86 million which decreasing from THB 451.17 million of the same period last year or decreasing 55.04 percent, according to decreasing in sales volume.

Selling Expense and Administrative Expense

The Company selling expense for the 1st quarter of 2023 was THB 8.18 million increased from THB 3.94 million in the same period last year or increased 107.31 percent in line with the diesel price rising by 13.56, together with the number of palm oil transportation contracts. That increased in line with the purchase of crude palm oil for export.

Administrative expenses decreased to THB 32.78 million from THB 35.64 million of the same period last year, which decreasing by 8.03 percent, because in the previous year, employees were paid rewards based on performance.

Net Profit (loss)

The Company net loss in the 1st quarter of 2023 was THB 25.40 million while in the same period of the year 2022 had net loss of THB 4.27 million because for the reasons mentioned above.

Assets

Total assets of the Company at the end of March 2023 was THB 999.70 million increased from THB 740.04 million at the end of year 2022, the increased amount was THB 259.67 million or 35.09 percent due to the increased of inventories by THB 289.02 million or the increased ratio consider to 461.12 percent.

Liabilities

At the end of March 2023, the Company had total liabilities of THB 427.97 million increased from THB 142.90 million in the end of 2022 or increased by THB 285.07 million or 199.50 percent. This was due to a decrease in short-term loans from financial institutions to pay for the purchase of goods and raw materials.

Equity

The Company had THB 571.74 million of equity in 1st quarter of 2023 decreased from THB 597.14 million in the end of 2022, decreased by 25.40 million or 4.25 percent, according to performance of the company.

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

In the first quarter of 2023, the situation of foreign palm oil stockpiles in Indonesia were found to be low in comparison with the stock at the end of 2022. Consequently, the Domestic Market Regulation (DMO) policy was adjusted to reduce palm oil exports effective until the end of April 2023, resulting in significantly low palm oil supply from Indonesia. This event was one of the factors enabling Malaysia to export more palm oil to compensate for the low supply from Indonesia. This enabled the crude palm oil prices in the global market to remain stable as at the end of the previous year.

However, considering the soybean situation, it remains a factor affecting the palm oil industry. The all-time high soybean production in Brazil and the United States has more than

compensated for Argentina's soybean yield, which has been reduced by prolonged drought causing soybean prices to decline. In addition, petroleum prices are lower due to lower demand is due to banking system stability and recession concerns in the United States. All of these factors have caused crude palm oil prices to fall toward the end of the first quarter in 2023.

For the situation of the domestic palm oil market, although the recovery of the tourism sector has boosted biodiesel consumption and demand, the production of palm oil to the market is high. As a result, supply and demand are not much different. However, high palm oil stocks have resulted in large exports of crude palm oil during times when foreign palm oil prices are higher than domestic prices.

For foreign palm oil industry trends. Indonesia's palm oil stockpile was low and Malaysia's palm oil stock was on a downward trend due to significantly large exports. In addition, the forecast for output is going to be less than expected due to the El Niño phenomenon, so supply and demand are expected to remain relatively tight in the second half of the year. The palm oil industry in Thailand is expected to have trends consistent with other countries.

Nevertheless, the following key factors need to be monitored: (1) Indonesia's Domestic Market Regulation (DMO) policy, which is expected to be extended; (2) the impact of OPEC+ reduced petroleum production capacity; (3) the severity of the El Niño impact; (4) other oil prices which are likely to decline and (5) concerns about the global economic recession, etc. The situations in both the domestic and foreign palm oil industries remain uncertain. The Company will continuously monitor these situations and various factors in order to continue operations in line with the situations.

Please be informed accordingly,

Yours truly,

(Mr. Krisada Chavananand)

Managing Director