



บริษัท วิจิตรภัณฑ์ปาล์มออยล์ จำกัด (มหาชน)

VICHITBHAN PALMOIL PUBLIC COMPANY LIMITED

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

No 077/2023

November 09, 2023

Subject: Management's Discussion and Analysis of Financial Condition and Results of Operations regarding consolidated for the 3<sup>rd</sup> Quarter on September 30, 2023

To: The President of the 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 3<sup>rd</sup> quarter on September 30, 2023. The net loss of the company and its subsidiaries was THB 60.29 million (Owners of the parent and Non-controlling interests were THB 59.99 million and THB 0.30 million respectively), the loss increasing from the 3<sup>rd</sup> quarter on September 30, 2022, which had a net loss of THB 32.16 million (Owners of the parent and Non-controlling interests were THB 32.00 million and THB 0.16 million respectively), the increasing proportion was considered 87.49 percent. There were important factors affecting the performance for the 3<sup>rd</sup> quarter on September 30, 2023, as follows.

#### Performance Analysis

##### Revenue

The total revenues of the 3<sup>rd</sup> quarter on September 30, 2023, was THB 78.92 million which decreased from THB 279.07 million or 71.72 percent from the same period last year, according to the sales volume of crude palm oil and kernel decreased by 78.37 and 75.03 percent respectively, and the average selling price of crude palm oil and kernel decreased by 28.41 and 15.46 percent respectively, resulting in the Company has decreased revenue in this quarter.

##### Cost of sales

Cost of sales for the 3<sup>rd</sup> quarter was THB 114.83 million which decreasing from THB 273.92 million of the same period last year or decreasing 58.08 percent, according to the decreased sales volume and the price of fresh palm fruit decreased by 9.15 percent.

##### Gross (loss) profit

Gross loss per sale in this quarter decreased from the previous year that has gross profit per sale from 1.85 percent to a gross loss per sale of 45.49 percent due to adjusting

the production volume to be in line with the sales contract resulting in a decrease in production volume while the company has cost of shutdown that must be recognized as cost of sales, accounting for 26.73 percent, resulting in this period the company has a gross loss.

#### Selling Expense and Administrative Expense

The Company's selling expense for the 3<sup>rd</sup> quarter of 2023 was THB 1.28 million decreased from THB 4.25 million in the same period last year or decreased 69.90 percent according to the sales volume decreased and the diesel price decreased by 13.59 percent.

Administrative expenses increased to THB 24.02 million from THB 21.97 million in the same period last year, increasing by 9.33 percent, this was due to the general administrative expenses of the subsidiary established in April 2022.

#### Net Profit (loss)

The Company's net loss (Owners of the parent) in the 3<sup>rd</sup> quarter of 2023 was THB 59.99 million while in the same period of the year 2022 had a net gain of THB 32.00 million because of the reasons mentioned above.

#### Assets

Total assets of the Company at the end of September 2023 was THB 703.32 million decreased from THB 740.04 million at the end of the year 2022, the decreased amount was THB 36.72 million or 4.96 percent due to the decrease in trade receivables that are paid according to payment terms and the decrease in fixed assets due to depreciation. The decreased amounts were 34.49 million baht and 50.09 million baht, representing a decrease of 74.63 percent and 8.29 percent, respectively.

#### Liabilities

At the end of September 2023, the Company had total liabilities of THB 163.62 million increased from THB 142.90 million in the end of 2022 or increased by THB 20.72 million or 14.50 percent. This was due to an increase in lease liabilities.

#### Equity

At the end of September 2023, the Company had equity attributable to owners of the parent THB 538.36 million decreased from THB 596.12 million at the end of 2022, decreased by 57.77 million or 9.69 percent, according to the performance of the company.

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

In the third quarter of 2023, the situation of the international palm oil market revealed that palm oil production in major producing countries such as Indonesia and Malaysia continued to increase. With the onset of the palm fruiting season, supply has increased. However, the economic situation in many countries has not recovered much and there are concerns about a global economic slowdown resulting in the demand for palm oil

dwindling against supply. Therefore, crude palm oil stocks have continued to increase, pressuring crude palm oil prices to fall.

For the domestic palm oil market, the supply has not increased much. As a result, there is competition in the purchase of fresh palm fruits (raw materials) and prices are likely to increase. However, the economic situation has not yet recovered much. As a result, the demand for palm oil has not increased, which causes crude palm oil prices in the country to continue to fluctuate. In some ranges, domestic prices are higher than global prices. As a result, crude palm oil could not be exported, causing the country's stock level to increase.

For the remainder of this year, the international palm oil market expects crude palm oil prices to remain rather unstable. There is a chance that the prices will decrease due to (1) Malaysia's high palm oil stockpile and the likelihood of an increase in exports; (2) Indonesia's palm oil prices declining due to tax cuts on crude palm oil exports; (3) The El Niño phenomenon being less severe than expected and being likely to decline in March 2024. As a result of these factors, the supply of crude palm oil in the global market is expected to increase. However, the global economic condition which remains slow, especially in China and European countries, and shows no clear sign of recovering leads to the expectation that the demand for palm oil will shrink and cause crude palm oil prices to decline. However, as a result of the uncertain situation caused by the Israel-Hamas war, if it escalates, petroleum prices are expected to increase and may also result in some rise in crude palm oil prices.

For the domestic palm oil market trend, the supply is expected to be sufficient for domestic consumption, and the crude palm oil stock remains high. In addition, the government's policy to freeze the price of diesel at 30 baht per liter until the end of 2023 has led to price constraints. Crude palm oil prices may decline similarly to those in the global market.

Nevertheless, the situation of both the domestic and international palm oil industry remains uncertain. The company will continuously monitor various related factors to continue to operate in accordance with the situation.

Please be informed accordingly,

Yours truly,

(Mr. Krisada Chavananand)

Managing Director