



บริษัท วิจิตรภัณฑ์ปาล์มออยล์ จำกัด (มหาชน)

VICHITBHAN PALMOIL PUBLIC COMPANY LIMITED

2044 ถนนเพชรบุรีตัดใหม่ แขวงบางกะปิ เขตห้วยขวาง กรุงเทพฯ 10310  
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No 067/2024

May 09, 2024

Subject: Management's Discussion and Analysis of Financial Condition and Results of Operations regarding consolidated for the 1<sup>st</sup> quarter on March 31, 2024. (Edited - Additional information as requested by the Stock Exchange of Thailand)

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, 2024. The net loss of the company and its subsidiaries was THB 61.77 million, the loss increasing from the 1st quarter on March 31, 2023, which had a net loss of THB 25.40 million, the increasing proportion was considered 143.16 percent. There were important factors affecting the performance for the 1st quarter on March 31, 2024, as follows.

#### Performance Analysis

##### Revenue

The total revenues of the 1st quarter on March 31, 2024, was THB 258.88 million which increased from THB 218.16 million or 18.67 percent from the same period last year, according to the sales volume of crude palm oil increasing by 32.28 percent. Although, the sales volume of kernel decreased by 40.14 percent. However, the average selling price of crude palm oil and kernel increased by 6.62 and 11.80 percent respectively, resulting in the Company has increased revenue in this quarter.

##### Cost of sales

The cost of sales of the 1st quarter was THB 289.98 million increasing from THB 202.86 million in the same period last year or increasing 42.94 percent, according to increasing in sales volume and the average price of fresh palm fruit increased by 19.43 percent.

## Gross (Loss) Profit

The group of companies had a gross loss of 31.09 million baht, representing 12.01 percent compared to income. This was caused by the production not meeting the criteria from the amount of palm fruit released to the market in Chumphon Province that was less than usual and less than in over the past 5 years, many areas in the province have continued to knock down palm trees to plant new palm trees, combined with the weather in the last year, which has dry weather, affecting the yield palm trees both in terms of quantity and quality, causing the quality of fresh palm fruit that the company purchases into the factory to be quite low-quality, resulting in higher production costs. Moreover, the distribution of palm fruits released to the market each month does not follow the seasonality of palm fruits. This leads to price speculation in the palm oil market, which does not follow market conditions. In addition, the price of oil in the international market is lower than the domestic price, causing the company to be unable to export crude palm oil.

For the above reasons, a result, less amount of fresh palm fruit enters the production line, causing an imbalance in the company's existing production capacity (excess supply) Assets Utilization of the company is low, affecting this year, The company has higher production costs.

The company is aware of the cause of this occurrence and has prepared a plan to fix it by adding measures to make existing production capacity ready to support incoming raw materials. Including adjusting measures to be in line with the amount of raw materials that change in each period by focusing on making more useful production capacity to reduce lost costs from production including controlling and reducing other costs in every part of production. As well as adjusting costs and expenses to be appropriate in line with the continuously changing amount of raw materials (palm fruit) that go into the production process.

## Selling Expense and Administrative Expense

The Company's selling expense for the 1st quarter of 2024 was THB 4.41 million decrease from THB 8.18 million in the same period last year or a decrease of 46.07 percent in line with the diesel price fall by 14.96.

Administrative expenses decreased to THB 26.99 million from THB 32.78 million in the same period last year, which decreased by 17.66 percent, because the company controls expenses

## Net Profit (loss)

The Company's net loss in the 1st quarter of 2024 was THB 61.77 million while in the same period of the year 2023 had a net loss of THB 25.40 million because of the reasons mentioned above.

## Assets

The total assets of the Company at the end of March 2024 was THB 681.51 million decrease from THB 698.95 million at the end of the year 2023, the decreased amount was THB 17.44 million or 2.49 percent due to the decrease of inventories by THB 39.93 million or the decreased ratio consider to 50.11 percent according to the turnover of inventories and a decrease in Property, plant, and equipment of 10.83 million baht or 2.02 percent from depreciation.

### Liabilities

At the end of March 2024, the Company had total liabilities of THB 259.64 million increased from THB 215.31 million at the end of 2023 or increased by THB 44.33 million or 20.59 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 421.87 million of equity in the 1st quarter of 2024 decreasing from THB 483.64 million at the end of 2023, decreased by 61.77 million or 12.77 percent, according to the performance of the Company.

### C (Caution) sign

The consolidated financial information as at 31 March 2024 shows, that the equity is less than 50 percent of the paid-up share capital, which will mean that the Stock Exchange of Thailand (SET) will post a C (Caution) sign on the Company's securities. The company would like to inform for the causes and solutions as follows:

Due to the past year, the amount of fresh palm fruit in Chumphon province continued to decrease until the beginning of 2024, with the largest decrease in the past 5 years, because Chumphon province is in the process of planting palm Replant and the last year, dry weather (Elnino) caused the amount of palm fruit to be released to the market to be less than usual. For this reason, the utilization of assets (Utilization) of the company decreased, causing production costs to increase. Including the past market situation, there were more predictions about the price of crude palm oil. (Speculation)

However, the company expects that the quantity of fresh palm fruit will likely improve this year according to the production from planting new palm trees (replanting). The company will plan to control raw materials in the factory in appropriate quantities, including controlling production costs to be appropriate and consistent with the amount of raw materials that change each time that palm fruit is released to the market. In addition, the company has increased measures to control and reduce operating expenses in every part.

The Company will convene a meeting to provide information and decide on a plan to deal with this event with shareholders, investors, and concerned parties on May 21, 2024, at 1:00 p.m., holding the meeting via electronic media (e-meeting) from the below details.

<https://us02web.zoom.us/j/84286167541?pwd=ZTY5OUZwKzU3V0MyOGpVR1AyWmRCQT09>

Meeting ID: 842 8616 7541 Passcode: 128187

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

In the first quarter of 2024, overseas palm oil situations, crude palm oil stocks in Malaysia and Indonesia were found to be low due to reduced palm oil production as an effect from the El Nino phenomenon. Therefore, Indonesia is expected to raise crude palm oil export prices. This has triggered a rush of crude palm oil exports from Indonesia in the first quarter, causing declining trends in crude palm oil stocks in Indonesia and causing global crude palm oil prices to rise. Concerning the domestic market situation, crude palm oil stocks are low. Domestic crude palm oil stocks moved in the same direction as the global market. However, domestic crude palm oil prices are higher than the global market, causing a slowdown in crude palm oil exports.

Overseas palm oil industry trends for the remainder of 2024 remain in flux. However, crude palm oil prices are expected to decline due to expected reductions in soybean oil prices from increased soybean production. The factors that need to be monitored are: (1) effects on production due to weather changes; (2) crude palm oil stocks in Malaysia and Indonesia during the palm season, including the palm oil export policies of these countries; (3) effects of policies for promoting palm oil cultivation in India, which is a major global palm oil importer; (4) biodiesel consumption policies in each country; and (5) the global economy. All these factors affect crude palm oil prices. Regarding the domestic market in the second quarter, the palm season will begin with opportunities to export more crude palm oil. In 2024, monthly palm fruit quantity distribution is expected to normalize, and production is expected to increase slightly due to expansion of palm cultivation land and expectations that the La Nina phenomenon will occur in the second half of the year.

The situation in domestic and overseas palm oil industries remains uncertain. The Company will continually monitor the factors involved to take further action in line with the situation.

Please be informed accordingly,

Yours truly,

(Mr. Krisada Chavananand)

Managing Director