



No. MDA-EN 01/2022

February 22nd, 2022

The President

The Stock Exchange of Thailand

Re: Management's Discussion and Analysis (MD&A) on 4Q2021 and FY2021 performance

1. Executive Summary

(Unit : Million Baht)	4Q	3Q	4Q	%Inc. (Dec.)		FY	FY	% Inc.
	2021	2021	2020	YoY	QoQ	2021	2020	(Dec.)
Sales Revenue	812.7	770.8	632.1	28.6%	5.4%	2,980.6	2,610.6	14.2%
Gross Profit	145.7	161.2	85.8	69.8%	(9.6%)	537.3	422.1	27.3%
Net Profit	65.7	53.2	39.8	65.0%	23.5%	208.8	192.9	8.2%
Earnings per share (Baht/share)	0.10	0.08	0.06			0.32	0.30	

In the fourth quarter of 2021 (4Q2021), SUN and its subsidiary reported Sales Revenue in an amount of Baht 812.7 million, increased by Baht 180.6 million or 28.6% when compared to the same period last year (4Q2020) mostly from the increase in i) international trade expansion in the Asia-Pacific in the Canned sweet corn products category, especially in Taiwan, Japan and South Korea due to increasing customer base both new customers and existing customers who have ordered more. ii) domestic sales from Ready-to-eat products such as Roasted Japanese sweet potato, Boiled tiger peanut, Ready-to-eat bagged sweet corn and Ready-to-eat whole grain. In addition, new products such as Steamed sticky rice, Corn soup are also released, available in convenience stores, restaurants, and supermarkets.

Net Profit of SUN and its subsidiary in 4Q2021 was reported at Baht 65.7 million, increased by Baht 25.9 million or 65.0% from 4Q2020. This was mainly from solid sales revenue growth, higher gross margins due to better production efficiency, although i) the cost of canned containers is higher due to the high price of steel ii) increased in freight rates due to container shortages iii) higher transportation costs due to continuously rising oil prices. In addition, in 4Q2021, the baht depreciated due to the outbreak of Omicron virus. The Company has a policy to enter into forward foreign exchange contracts regularly to mitigate the impact of exchange rate volatility. In 4Q2021 The company has profit from derivatives and foreign exchange in the amount of Baht 17.4 million.

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As of 31 December 2021, SUN and its subsidiary had the total assets amounting to Baht 1,453.6 million, increased by Baht 160.5 million or 12.4% from 31 December 2020, mainly from i) the increase in property, plant, and equipment by Baht 198.5 million due to SUN's business acquisition of land 1,007 rai 1 ngan 19 square wa in the area of Thung-bi Sub-district, Mae Wang District, Chiang Mai Province for Baht 125.0 million to support the cultivation of sweet corn and other agricultural crops. to create stability in raw materials. ii) the increase in trade accounts receivable and inventories amounting to Baht 244.0 million from the higher trade transactions. Whereas, the total liabilities were recorded at Baht 311.2 million, increased by Baht 40.2 million or 14.8% primarily from an increase in long-term loans from financial institutions to support the construction of Mini-Factory building for ready-to-eat products. The total shareholders' equity was Baht 1,142.3 million, increased by Baht 120.3 million or 11.8%, mainly from Sunsweet Public Company Limited (SUN)' s capital increase by Baht 107.5 million, and SUN and its subsidiary net profit of FY2021 of Baht 208.8 million offset with dividend payment from the operating results of Baht 193.5 million.

2. Economic Overview in the Fourth Quarter of 2021

The world economy in 4Q2021 continued recover. The demand for goods from trading partner countries continued to grow from 3Q2021. However, in 4Q2021, there were still problems with i) sea freight, especially the increase in freight costs and the problem of container shortages ii) an expensive steel situation that increases the cost of canned containers iii) increased in the price of crude oil in the world market, causing the transportation cost to increase. However, it is expected that the problem of transportation of goods and the problem of steel and oil prices will return to normal in the next phase.

The global financial markets have increased volatility. The baht against the US dollar depreciated on concerns about Omicron, while the US Federal Reserve (Fed) showed signs of raising the policy interest rate going forward. However, the Company manages its risks by entering into forward foreign exchange contracts regularly to mitigate the effects of such exchange rate fluctuations.

The Thai economy in 4Q2021 recovered from 3Q21 due to i) relaxation of epidemic control measures. ii) comprehensive vaccinations iii) acceptance of foreign tourists. As for sweet corn raw materials declined from 3Q2021 due to winter, however, our planting department has been in close contact with farmers and recommended solutions using agricultural technology. As a result, there is a continuous production of sweet corn. There is no shortage and exports can be accelerated. The outlook for the Thai economy going forward still needs to be monitored as the inflation situation may rise. and the impact of COVID-19 to the general economy.

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3. Financial Results of SUN and its subsidiary for 4Q2021 and FY2021

(Unit : Million Baht)	4Q	3Q	4Q	%Inc. (Dec.)		FY	FY	%Inc.
	2021	2021	2020	YoY	QoQ	2021	2020	(Dec.)
Revenue from sales	812.7	770.8	632.1	28.6%	5.4%	2,980.6	2,610.6	14.2%
Cost of sales	667.0	609.6	546.3	22.1%	9.4%	2,443.3	2,188.5	11.6%
Gross profit	145.7	161.2	85.8	69.8%	-9.6%	537.3	422.1	27.3%
Other income	1.7	1.8	2.8	(38.1%)	(4.1%)	7.1	7.2	(0.3%)
Gains (losses) on exchange rate								
& Losses on derivatives, net	17.4	(39.2)	17.9	(3.0%)	>100.0%	(38.4)	12.3	>100.0%
Selling expenses	(50.8)	(48.5)	(41.6)	22.3%	4.7%	(189.1)	(162.7)	16.2%
Administrative expenses	(22.1)	(18.7)	(17.5)	26.0%	18.0%	(73.2)	(65.3)	12.1%
Finance costs	(0.7)	(0.4)	(0.4)	55.8%	75.1%	(1.9)	(1.8)	9.4%
Profit before income tax	91.2	56.2	47.0	94.1%	62.2%	241.8	211.8	14.2%
Income tax	(25.5)	(3.0)	(7.2)	>100.0%	>100.0%	(33.0)	(18.9)	74.4%
Net profit	65.7	53.2	39.8	65.0%	23.5%	208.8	192.9	8.2%
Earnings per share (Baht/share)	0.10	0.08	0.06			0.32	0.30	
% GP	17.9%	20.9%	13.6%	32.1%	(14.3%)	18.0%	16.2%	11.5%
% Net profit margin	8.1%	6.9%	6.3%	28.3%	17.1%	7.0%	7.4%	(5.2%)
EBITDA	112.5	75.7	66.2	70.0%	48.6%	320.1	286.1	11.9%

Summary of Financial Performance

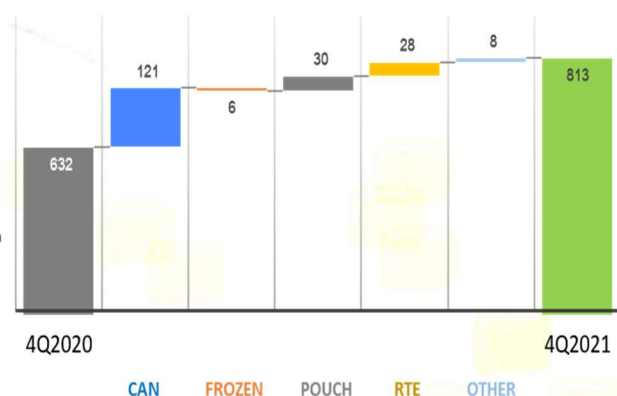
Revenues

1. Revenues from Sales

Sales Breakdown(%) 4Q2021



4Q2021 vs 4Q2020 Waterfall by product



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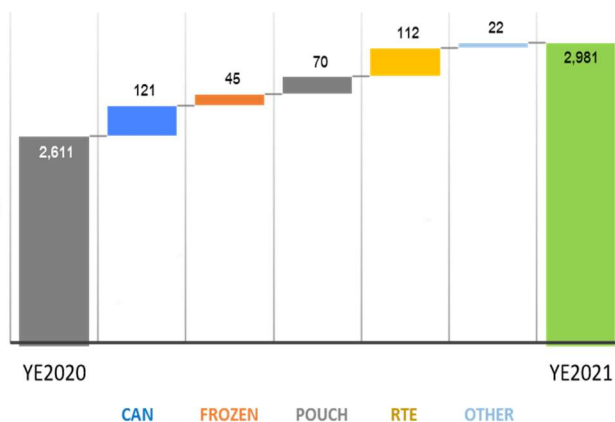
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Sales Breakdown(%) YE2021



YE 2021 vs YE2020 Waterfall by product



SUN's consolidated total revenues from sales for 4Q2021 reached Baht 812.7 million, representing an increase of Baht 180.6 million or 28.6% over the same period last year. This increase was mainly driven by:

- International trade expansion in the Asia-Pacific region such as Taiwan, Japan and South Korea, especially canned sweet corn products (Can), due to increasing customer base both new customers and existing customers who have ordered more.
- For other regions such as the European Union and America, there was a decline in orders due to container shortages during the COVID-19 epidemic.
- Increased domestic sales from Ready-to-eat products such as Roasted Japanese sweet potato, Boiled tiger peanut, Ready-to-eat bagged sweet corn and Ready-to-eat whole grain. In addition, new products such as Steamed sticky rice, Corn soup are also released, available in convenience stores and supermarkets.

SUN's consolidated total revenues from sales for FY2021 reached Baht 2,980.6 million, representing an increase of Baht 370.0 million or 14.2% over the same period last year.

2. Other Income

The consolidated other income for 4Q2021 was Baht 1.7 million, representing a decrease of Baht 1.1 million or 4.1% over the same period last year.

The consolidated other income for FY2021 was Baht 7.1 million relatively flat year-on-year with only a slight decrease of 0.3% over the same period last year.

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3. Gain (Loss) on exchange rate and derivatives, net

The consolidated gain on the exchange rate and derivatives, net for 4Q2021 was Baht 17.4 million, representing a decrease of gain amounting to Baht 0.5 million or 3.0% from 4Q2020, which was gain on exchange rate and derivatives amounting to Baht 17.9 million. The baht depreciated throughout 2021 due to concerns over the spread of COVID-19 and high volatility. Therefore, the company has a policy to use hedging instruments such as foreign currency forward contracts to hedge foreign exchange risk by entering into forward contracts as appropriate for the circumstances.

The consolidated loss on exchange rate and derivatives for FY2021 was Baht 38.4 million, representing an increase of loss amounting to Baht 50.7 million or more than 100% from FY2020.

Cost of Goods Sold and Gross Profit from Sales

SUN's consolidated gross profit for 4Q2021 reached Baht 145.7 million. (17.9% of gross profit margin), representing an increase of Baht 59.9 million or 69.8% over the same period last year, which was Baht 85.8 million. (13.6% of gross profit margin), This increase was mainly driven by:

- The cost of production per unit in 4Q2021 was slightly increased when compared to the same period last year due to i) the high steel price, which increased the cost of canned containers. ii) The price of sweet potato raw materials has risen as the market demand continues to grow. iii) higher production capacity, better production efficiency and being able to bring sweet corn into the production line regularly. This allows the company to maintain smooth control over production costs.
- The depreciation of the baht against the US dollar led to higher sales revenue, and partly due to negotiations with customers to adjust the selling price due to higher production costs as mentioned above.

SUN's consolidated gross profit for FY2021 reached Baht 537.3 million. (18.0% of Gross Profit Margin), representing an increase of Baht 115.2 million or 27.3% over the same period last year, which was Baht 422.1 million. (16.2% of Gross Profit Margin).

Selling Expenses

The consolidated selling expenses for 4Q2021 was Baht 50.8 million with an increase of Baht 9.2 million or 22.3% over the same period last year. This increase was mainly due to higher transportation cost and export expense in line with the revenue from sales, and continuously rising oil prices.

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The consolidated selling expenses for FY2021 was Baht 189.1 million with an increase of Baht 26.4 million or 16.2% over the same period last year.

General and Administration Expenses

The consolidated general and administration expenses for 4Q2021 was Baht 22.1 million with an increase of Baht 4.6 million or 26.0% over the same period last year. This increase was due to (1) the annual benefit expenses and (2) the warehouse rental fees for higher volumes of canned sweet corn inventories.

The consolidated general and administration expenses for FY2021 was Baht 73.2 million with an increase of Baht 7.9 million or 12.1% over the same period last year

Financial Costs

The consolidated financial costs for 4Q2021 were Baht 0.7 million, an increase of Baht 0.3 million or 75.1% over the same period last year, was mainly due to using the short-term loans from financial institutions for working capital and long-term loans from financial institutions for the Mini-Factory project.

The consolidated financial costs for FY2021 was Baht 1.9 million, an increase of Baht 0.1 million or 9.4% over the same period last year.

Net Profit and Net Profit Margin

SUN's consolidated net profit for 4Q2021 reached Baht 65.7 million, an increase of Baht 25.9 million or 65.0% over the same period last year, the sales increase was strong THB 180 million from 3Q2021. The higher gross margins were a result of continued sales price negotiations and the depreciation of the baht against the US dollar, under the circumstance of increasing freight rates and higher cost of canned containers due to high steel prices. SG&A expenses were well controlled despite higher transportation costs due to continued rising oil prices.

The consolidated net profit margin for 4Q2021 represented 8.1%, increasing from the same period last year, which was 6.3% of net profit margin as the same above-mentioned factors.

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SUN's consolidated net profit for FY2021 reached Baht 208.8 million, an increase of Baht 15.9 million or 8.2% over the same period last year.

The consolidated net profit margin for FY2021 represented 18.0%, increasing from the same period last year, which was 16.2% of net profit margin.

4. Major Project Progress

Production Building No. 3 (MiniFactory Project)

Small production building project for ready-to-eat products. It is designed to be "Smart Building".

According to the principle of usability and meet the needs of today's era. Emphasis on energy saving and high production flexibility to enhance both the quality and quantity of ready-to-eat products. The building is 1,440 square meters in size, supporting production that is hygienic according to the quality system.

At present, ready-to-eat products are produced, consisting of ready-to-eat bagged sweet corn, roasted Japanese sweet potato, roasted purple Japanese sweet potato, roasted orange sweet potato, boiled tiger peanut, ready-to-eat whole grain, corn soup and steamed sticky rice. This Mini-Factory building has been in operation and started production in 4Q2021. The company can increase the production capacity of ready-to-eat products up to 100,000 pieces per day to meet the demand for ready-to-eat products from customers with increased orders.

Biogas production project from waste (corncobs)

The Company takes into account the creation of balance between economy, society, environment and taking care of all stakeholders under the Good corporate governance all along therefore expanding cooperation to drive renewable energy and clean energy projects to upgrade the agricultural industry by using technology to manage from upstream to downstream. Value added the waste materials from agricultural plants convert to clean energy (Green Energy) by doing Biogas Plants project from corn cobs to generate electricity. It can reduce costs by up to Baht 27 million per year. Currently, the construction progress is about 90% and it is expected to be able to test run the first quarter of 2022.

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Sun Valley Project

The Board of Directors of Sunsweet Public Company Limited approved the purchase of land on January 13th, 2021, Total area of more than 1,007 rai in Thung-bi Subdistrict, Mae Wang District, Chiang Mai Province, amounting to Baht 125 million for supporting sweet corn planting and other agricultural crops. The company has started growing sweet corn raw materials. feed to the factory and establishing infrastructure for water management for agriculture, increase the stability of raw materials. Expanding to the cultivation of other high-value crops such as marijuana, kratom, strawberries, etc. This will be added value to the Company's business, and then lead to the transfer of knowledge to network farmers to increase their income more stable.

With cooperation in community enterprises, educational institutions and the private sector in the development of crops for Processing into healthy food (Functional Foods) and food for the elderly (Future Foods) respond to the new behavior into the market in the future.

Yours sincerely,



Mr. Vira Nopwattanakorn

Chief Finance Officer

Sunsweet Public Company Limited

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