

To The President

The Stock Exchange of Thailand

Re: Management Discussion and Analysis for the 3-month period end 30 June 2018

Sunsweet Public Company Limited ("the Company") would like to submit this Management Discussion and Analysis the 3-month period end 30 June 2018, with details as follows

## Consolidated Statement of Comprehensive Income for 2Q18 and 6M18 period

| Unit: Million THB   | Q2 2018      | Q2 2017      | % Increase<br>(decrease) | 6M 2018      | 6M 2017      | % Increase<br>(decrease) |
|---|--------------|--------------|--------------------------|--------------|--------------|--------------------------|
| Revenue from sales of goods   | 445.2        | 409.0        | 8.8%                     | 853.1        | 768.1        | 11.1%                    |
| - Manufacturing and distribution of<br>processed sweet corn and other<br>agricultural products business | 443.6        | 404.3        | 9.7%                     | 843.8        | 749.0        | 12.7%                    |
| - Trading business  | 1.6          | 4.7          | (65.8%)                  | 9.3          | 19.1         | (51.4%)                  |
| Revenue from other sales  | 27.2         | 26.6         | 2.3%                     | 46.2         | 45.7         | 1.0%                     |
| <b>Total revenue from sales</b>   | <b>472.4</b> | <b>435.6</b> | <b>8.4%</b>              | <b>899.3</b> | <b>813.8</b> | <b>10.5%</b>             |
| Other income  | 6.8          | 8.3          | (17.8%)                  | 20.0         | 12.8         | 56.6%                    |
| <b>Total revenue</b>  | <b>479.2</b> | <b>443.9</b> | <b>7.9%</b>              | <b>919.3</b> | <b>826.6</b> | <b>11.2%</b>             |
| Cost of goods sold  | (402.1)      | (343.2)      | 17.1%                    | (780.4)      | (647.6)      | 20.5%                    |
| <b>Gross profit</b>   | <b>70.3</b>  | <b>92.4</b>  | <b>(23.9%)</b>           | <b>118.9</b> | <b>166.2</b> | <b>(28.5%)</b>           |
| Selling expenses  | (35.0)       | (31.2)       | 12.0%                    | (70.6)       | (59.6)       | 18.4%                    |
| Administrative expenses   | (19.7)       | (25.7)       | (23.1%)                  | (39.5)       | (42.7)       | (7.5%)                   |
| <b>Profit before financial costs and income tax</b>   | <b>22.4</b>  | <b>43.8</b>  | <b>(48.9%)</b>           | <b>28.8</b>  | <b>76.7</b>  | <b>(62.4%)</b>           |
| Finance costs   | (1.0)        | (5.3)        | (82.0%)                  | (2.4)        | (11.2)       | (78.1%)                  |
| <b>Profit before income tax</b>   | <b>21.4</b>  | <b>38.5</b>  | <b>(44.3%)</b>           | <b>26.4</b>  | <b>65.5</b>  | <b>(59.7%)</b>           |
| Income tax  | (0.3)        | (8.0)        | (95.5%)                  | (0.0)        | (12.8)       | (99.6%)                  |
| <b>Net profit for the period</b>  | <b>21.1</b>  | <b>30.5</b>  | <b>(30.9%)</b>           | <b>26.3</b>  | <b>52.7</b>  | <b>(50.1%)</b>           |
| <i>Gross profit margin (%)</i>  | <i>14.9</i>  | <i>21.2</i>  |                          | <i>13.2</i>  | <i>20.4</i>  |                          |
| <i>Net profit margin (%)</i>  | <i>4.4</i>   | <i>6.9</i>   |                          | <i>2.9</i>   | <i>6.4</i>   |                          |

Revenue

The Company's consolidated total revenue for 2Q18 reached THB 479.2 million, representing an increase of THB 35.3 million or 7.9% over the same period of the last year. The increase was mainly driven by the following items:

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**SUNSWEEP PUBLIC COMPANY LIMITED**

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### Revenue from Sales

The Company's consolidated total sales for 2Q18 reached THB 472.4 million, representing an increase of THB 36.8 million or 8.4% over the same period of the last year. The strong sales during the quarter is particularly due to Processed Sweet Corn and Other Processed Agricultural Products business.

#### (1) Revenue from Manufacture and distribution of Processed Sweet Corn and Other Processed Agricultural Products

In 2Q18, the business of Manufacture and distribution of Processed Sweet Corn and Other Processed Agricultural Products reported sales of THB 443.6 million, which increased from THB 404.3 million in 2Q17 or 9.7% over the same period of the last year. The business grew strongly during the quarter due to higher capacity responding to higher orders from customers and orders from both old and new customers because of the continuous presence of both domestic and international exhibitions.

#### (2) Revenue from Trading Business

In 2Q18, the Trading Business reported sales of THB 1.6 million, a decrease by THB 3.1 million or 65.8% over the same period of the last year. This decrease was mainly due to the Company and its subsidiary focusing on trading with existing customers buying sweet corn. The Company and its subsidiary had set trading policy, allowing only advance payment when submitting order, and set-up effective profit margin control.

### Income from Other Sales

In 2Q18, the income from other sales amounts to THB 27.2 million, slightly increasing by THB 0.6 million or 2.3% over the same period of the last year.

### Other Income

In 2Q18, the other income had THB 6.8 million, decreasing by THB 1.5 million or 17.8% over the same period of the last year. The decrease was mainly due to profit from foreign exchange amounting to THB 4.7 million, decreasing by THB 2.1 million over the same period of the last year.

### Cost of Goods Sold and Gross Profit from Sales

The gross profit margin in 2Q18 was THB 70.3 million, showing a decrease of THB 22.1 million or 23.9% over the same period of the last year. Although the better cost control with increased sales volume, THB appreciation against USD over the same period last year still had a strong negative effect on revenue recognition, gross profit and gross profit margin, accordingly.

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#### Selling Expenses

Selling expense in 2Q18 was THB 35.0 million, increasing by THB 3.8 million or 12.0% over the same period of the last year. This increase was mainly due to increased domestic and export logistics, export expense following increase of the sales volume.

#### General and Administrative Expenses

In 2Q18, the general and administrative expense amounted to THB 19.7 million, showing a decrease of THB 6.0 million or 23.1% over the same period of the last year. This was due to the disposal of unused assets, the management fee and front-end fee for new loans including the consultant fee or other service regarding stock market launch during second quarter of 2017.

#### Financial Costs

In 2Q18, the finance costs amounted to THB 1.0 million, declining by THB 4.3 million or 82.0% over the same period of the last year due to the company used proceeds from IPO to repay loans from financial institutions, leading the Company to be able to rely more on internal working capital rather than using the short-term loan from bank, and then the finance costs had decreased.

#### Net Profit and Net Profit Margin

The Company's consolidated net profit in 2Q18 amounted to THB 21.1 million, dropping by THB 9.4 million or 30.9% over the same period last year. This decrease was mainly from lower gross profit due to appreciation of THB against USD, and higher selling expenses, even though the decrease in administrative expenses and finance costs.

The net profit margin in 2Q18 represented 4.4%, decreasing from the same period of the last year which was 6.9%. This was mainly caused by appreciation of THB against USD, affecting revenue from sales of goods, gross profit and thus gross profit margin as mentioned above.

Please be informed accordingly.

Yours sincerely,

(Mr. Vira Nopwattanakorn)

Director of Accounting and Finance

Sunsweet Public Company Limited

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