



No. MDA-EN 04/2024

November 7<sup>th</sup>, 2024

The President

The Stock Exchange of Thailand

Re: Management's Discussion and Analysis (MD&A) on 3Q2024 performance

## 1. Executive Summary

(Unit: Million THB)	3Q2024	2Q2024	3Q2023	%Inc. (Dec.)		9M2024	9M2023	%Inc. (Dec.)
				YoY	QoQ			
Sales Revenue	913.0	827.0	1,013.8	(10.0%)	10.4%	2,505.3	2,852.7	(12.2%)
Gross Profit	204.9	180.0	205.0	(0.1%)	13.9%	554.1	579.7	(4.4%)
Net Profit	140.3	65.7	84.1	66.8%	113.5%	260.9	239.5	8.9%
Earnings per share (Baht/share)	0.18	0.09	0.13			0.36	0.37	

SUN's consolidated total sales revenue for 3Q2024 reached THB 913.0 million, reflecting a decrease of THB 100.8 million or 10.0% over the same period last year.

- Revenue from international sales decreased due to favorable weather conditions in 2023, prompting our trading partners to accelerate their purchases to compensate for the previous shortages. Consequently, in 2024, international partners, especially in Asia, had sufficient stock and were less inclined to import products. Meanwhile, growth continued in the Middle East and the Americas, driven by increased purchases of canned and frozen products from existing customers. The intake of sweet corn proceeded as planned, and customers orders resumed in 3Q2024, leading to a sales revenue increase of THB 86.0 million, or 10.4% compared to 2Q2024.
- Additionally, domestic sales revenue also continued to experience positive growth, particularly in the ready-to-eat (RTE) products, especially roasted sweet potatoes, boiled tiger peanut, ready-to-eat sweet corn, ready-to-eat whole grains, and longan in syrup. New products were also introduced, such as sweet corn with edamame, cheese-mixed sweet corn, boiled mixed beans in syrup, and sticky corn with coconut, all available in convenience stores.



SUN's consolidated net profit for 3Q2024 amounted to THB 140.3 million, representing an increase of THB 56.2 million or 66.8% from the same period last year. This growth was primarily driven by the company's effective management of production costs through improvements in the production line, including increased automation. Additionally, the company consistently maintains a risk management policy, resulting in a gain on exchange rate and derivatives of THB 62.1 million.

SUN's consolidated total sales revenue for the nine-month period of 2024 reached THB 2,505.3 million, a decrease of THB 347.4 million or 12.2% compared to the same period last year. Net Profit of SUN and its subsidiary for 9M2024 was reported at Baht 260.9 million, an increase of THB 21.4 million or 8.9% from 9M2023, although 12.2% reduction in sales revenue, but the company improved its gross profit margin through production line enhancement and increased automation. Selling expenses decreased in line with sales, while administrative expenses increased due to higher salaries and employee benefits, and increased warehouse rental costs. The company maintains a policy of using financial hedging instruments to protect against foreign exchange fluctuations. The gain on exchange rate and derivatives for 9M2024 was THB 25.5 million.

As of 30 September 2024, SUN and its subsidiary had the total assets amounting to THB 2,333.2 million, an increased of THB 355.1 million or 18.0% from 31 December 2023, This increase was primarily due to (1) a rise in inventory by THB 239.2 million from the continuous procurement of sweet corn to meet the growing customer demand. (2) an increase in property, plant and equipment increased by THB 58.5 million due to the Mini-factory2 project and the enhancement of the production line project.

Whereas the total liabilities were recorded at THB 864.6 million, an increase of THB 253.3 million or 41.4% primarily due to an increase in short-term loans from financial institutions amounting to THB 287.5 million to support working capital. Additionally, total shareholders' equity was THB 1,468.7 million, an increase of THB 101.8 million or 7.4% compared to 31 December 2023. This change was due to (1) the net profit of THB 260.9 million, and (2) other comprehensive income of THB 2.1 million, resulting from changes in the fair value measured using actuarial methods. The decrease in employee benefits liabilities and the increase in other comprehensive income were mainly due to higher discount rate assumptions in the actuarial calculations. (3) Furthermore, the company paid a cash dividend of THB 161.2 million.





## 2. Economic Overview in the Third Quarter of 2024

The world economy in 3Q2024 continues to expand, with the U.S. economy continually growing amid policy uncertainty following the elections, while Japan's economic recovery remains unclear due to persistent declines in consumer spending. Meanwhile, China's economy has shown more positive signals, supported by the government's accelerated stimulus measures. However, risks from trade wars remain a significant pressure point, alongside concerns over geopolitical conflicts, which could lead to delays in transportation.

The THB appreciated against the U.S. dollar throughout 3Q2024, following the Federal Reserve's shift toward a more accommodative monetary policy. Nevertheless, the company managed this risk by consistently engaging in forward exchange contracts to mitigate the impact of exchange rate volatility.

The Thai economy in 3Q2024, expanded overall, driven by revenue from tourism sector, as well as the export of electronic goods and agricultural and processed products. Additionally, government spending increased due to accelerated disbursements in the final quarter of the fiscal year.

Both the Thai and world economies remain subject to the following key factors: (1) the recovery of exports and production, (2) the impact of accelerated budget disbursement and government measures, (3) the economic effects of flooding on various activities, (4) geopolitical conflicts, and (5) monetary policies of major central banks.

## 3. Financial Results of SUN and its subsidiary for 3Q2024

(Unit: Million THB)	3Q2024	2Q2024	3Q2023	%Inc. (Dec.)		9M2024	9M2023	%Inc. (Dec.)
				YoY	QoQ			
Revenue from sales	913.0	827.0	1,013.8	(10.0%)	10.4%	2,505.3	2,852.7	(12.2%)
Cost of sales	(708.1)	(647.0)	(808.8)	(12.5%)	9.4%	(1,951.2)	(2,273.0)	(14.2%)
Gross profit	204.9	180.0	205.0	(0.1%)	13.9%	554.1	579.7	(4.4%)
Other income	2.9	2.6	3.4	(13.9%)	13.7%	9.1	6.5	39.4%
Gain (losses) on exchange rate & on derivatives, net	62.1	(9.6)	(26.5)	>100.0%	>100.0%	25.5	(59.0)	>100.0%
Selling expenses	(60.6)	(56.1)	(61.5)	(1.4%)	8.0%	(166.9)	(183.1)	(8.8%)
Administrative expenses	(34.0)	(35.9)	(28.5)	19.0%	(5.4%)	(101.1)	(73.7)	37.1%
Finance costs	(3.9)	(4.7)	(0.8)	>100.0%	(15.9%)	(11.4)	(2.5)	>100.0%
Profit before income tax	171.4	76.3	91.1	88.1%	>100.0%	309.3	267.9	15.5%
Income tax	(31.1)	(10.6)	(7.0)	>100.0%	>100.0%	(48.4)	(28.4)	70.2%
Net profit	140.3	65.7	84.1	66.8%	>100.0%	260.9	239.5	8.9%





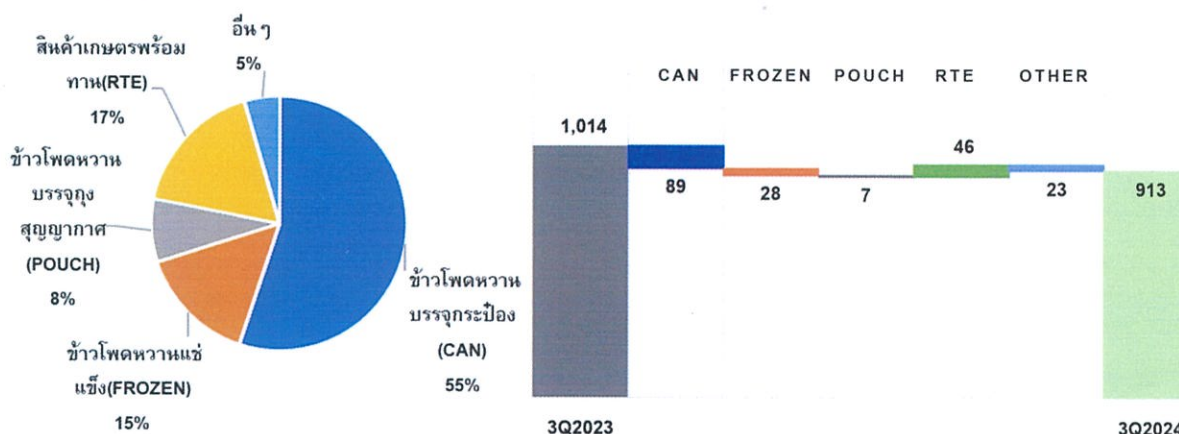
(Unit: Million THB)	3Q2024	2Q2024	3Q2023	%Inc. (Dec.)		9M2024	9M2023	%Inc. (Dec.)
				YoY	QoQ			
Earnings per share (THB/share)	0.18	0.09	0.13			0.36	0.37	
% GP	22.4%	21.8%	20.2%			22.1%	20.3%	
% Net profit margin	14.3%	7.9%	8.3%			10.3%	8.4%	
EBITDA	199.8	106.4	111.7	78.9%	87.9%	394.2	328.8	19.9%
% EBITDA margin	20.4%	12.8%	11.0%			15.5%	11.5%	

Summary of Financial Performance

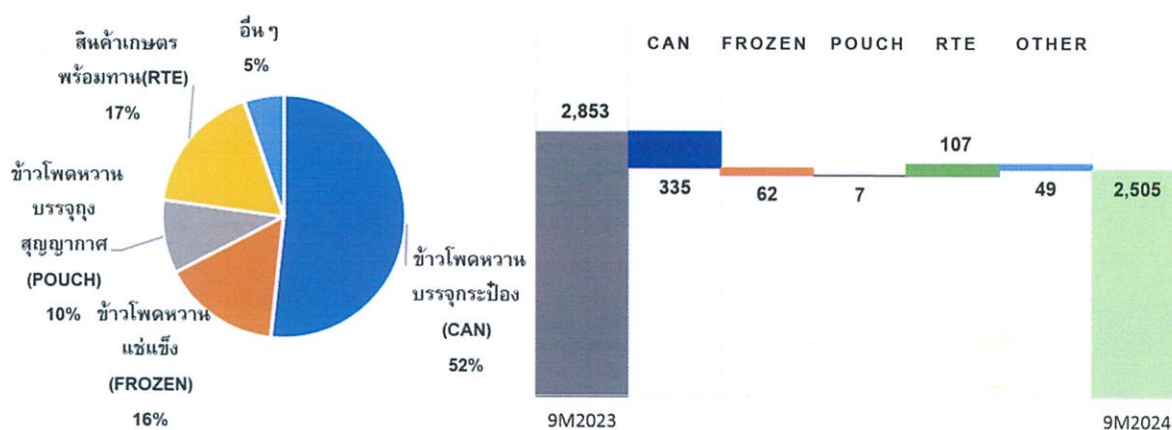
Revenues

1. Revenues from Sales

Sales Breakdown(%) 3Q2024



Sales Breakdown(%) 9M2024





SUN's consolidated total revenues from sales for 3Q2024 reached THB 913.0 million, representing a decrease of THB 100.8 million or 10.0% over the same period last year. This decrease was mainly due to:

- i) In 2023 the trading partners accelerated their purchases to compensate for previous shortages. Consequently, at the beginning of 2024, international customers, particularly in Asia Pacific region, had sufficient stock. However, by 3Q2024, customers in Asia, Australia and Middle-east, gradually increased their orders, resulting in a THB 86.0 million or 10.4% increase in sales revenue compared to 2Q2024, particularly in canned and frozen products, as existing customers increased their purchases.
- ii) Domestic sales increased from ready-to-eat (RTE) products, especially Roasted Japanese sweet potato, Boiled tiger peanut, ready-to-eat sweet corn, ready-to-eat whole grains, and longan in syrup. New products were also introduced, such as sweet corn with edamame, cheese-mixed sweet corn, boiled mixed beans in syrup, and sticky corn with coconut, all available in convenience stores.

SUN's consolidated total revenues from sales for 9M2024 reached Baht 2,505.3 million, representing a decrease of Baht 347.4 million or 12.2% over the same period last year.

## 2. Other Income

The consolidated other income for 3Q2024 was THB 2.9 million, representing a decrease of THB 0.5 million or 13.9% over the same period last year. The decline in other income was primarily due to sales of scrap metal and materials.

The consolidated other income for 9M2024 was Baht 9.1 million, representing an increase of Baht 2.6 million or 39.4% over the same period last year. This increase was primarily due to the sale of old machinery.

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

The consolidated gain on the exchange rate and derivatives, net for 3Q2024 was THB 62.1 million, representing an increase of THB 88.6 million or >100.0% from 3Q2023, which was loss on exchange rate and derivatives amounting to THB 26.5 million.



The consolidated gain on exchange rate and derivatives, net for 9M2024 was Baht 25.5 million, representing an increase of Baht 84.5 million or >100.0% over the same period last year, which was loss on exchange rate and derivatives amounting to THB 59.0 million.

The THB appreciated against US dollar throughout 3Q2024, in line with the Federal Reserve's shift towards a more accommodative monetary policy stance. Nevertheless, the company managed this risk by consistently engaging in forward exchange contracts to mitigate the impact of such exchange rate volatility.

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

SUN's consolidated gross profit for 3Q2024 reached THB 204.9 million. (22.4% of gross profit margin), representing a slightly decrease of THB 0.1 million or 0.1% over the same period last year, which was THB 205.0 million. (20.2% of gross profit margin). Gross Profit slightly decreased due to a 10.0% decline in sales revenue from sales revenue. However, the %GP increased because (1) the price of sweet corn raw materials decreased due to an ample supply resulting from increased planting earlier (2) the company managed production costs effectively to enhance competitiveness, focusing on green energy initiatives such as energy-saving projects like Biogas production project from waste (corncoobs) and solar roof project (3) ongoing improvements in cultivation and production, such as optimizing cultivation areas, developing high-yield varieties, and utilizing technology for precise yield forecasting; and (4) enhancements in the production line, with increased use of automation, such as the Packing Line project, which utilizes automated packaging machinery for can product.

SUN's consolidated gross profit for 9M2024 reached THB 554.1 million. (22.1% of Gross Profit Margin), representing a decrease of THB 25.6 million or 4.4% over the same period last year, which was Baht 579.7 million. (20.3% of Gross Profit Margin).

### Selling Expenses

The consolidated selling expenses for 3Q2024 amounted to THB 60.6 million, representing a decrease of THB 0.9 million or 1.4% over the same period last year. This reduction in selling expenses is in line with the decrease in sales volume. Oil prices are showing an upward trend due to ongoing geopolitical conflicts in the Middle East and Europe. However, the company continues to strictly control transportation costs.





The consolidated selling expenses for 9M2024 was Baht 166.9 million with a decrease of Baht 16.2 million or 8.8% over the same period last year.

#### General and Administration Expenses

The consolidated general and administration expenses for 3Q2024 was THB 34.0 million with an increase of THB 5.5 million or 19.0% over the same period last year. This increase was primarily due to the higher salaries and benefits, as well as increased warehouse costs and expenses related to agricultural research and agricultural technology projects.

The consolidated general and administration expenses for 9M2024 was Baht 101.1 million with an increase of THB 27.4 million or 37.1% over the same period last year.

#### Financial Costs

The consolidated financial costs for 3Q2024 were THB 3.9 million with an increase of THB 3.1 million or >100.0% over the same period last year. This increase was primarily attributed to the utilization of short-term loans from financial institutions for working capital.

The consolidated financial costs for 9M2024 was Baht 11.4 million, an increase of Baht 8.9 million or 331.2% over the same period last year.

#### Net Profit and Net Profit Margin

SUN's consolidated net profit for 3Q2024 reached THB 140.3 million, an increase of THB 56.2 million or 66.8% over the same period, primarily due to higher gross profit margins and a higher gain of THB 88.6 million from derivatives and foreign exchange, compared to 3Q2023.

The consolidated net profit margin for 3Q2024 represented 14.3%, increasing from the same period last year, which was 8.3% of net profit margin driven by the abovementioned reasons.

SUN's consolidated net profit for 9M2024 reached THB 260.9 million, an increase of THB 21.4 million or 8.9% over the same period last year. This decrease can be attributed to the following factors:

- i) 12.2% decrease in revenue from sales.

- ii) Despite the decrease in sales revenue, the lower price of sweet corn raw materials and effectively management of production costs through enhancements in production lines and increased automation in the manufacturing process to improve efficiency, resulting in a higher gross profit margin.
- iii) Administrative expenses increased due to higher employee salaries and benefits, as well as increased warehouse costs.
- iv) In addition, the company maintained a consistent hedging policy. In 3Q2024, the gain from derivatives and foreign exchange amounted to THB 25.5 million.

The consolidated net profit margin for 3Q2024 represented 10.3%, decreasing from the same period last year, which was 8.4% of net profit margin.

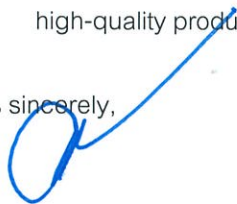
#### 4. Major Project Progress

The company has ongoing investment projects in the 2024, include:

1. The project to build a factory to increase production capacity to support the growth of the RTE (Ready-to-Eat) business (Mini-factory2 project).
2. The project to enhance efficiency and reduce raw material loading expenses (The Raw Material Loading project)
3. The packing line machinery for small-sized canned products.
4. The project aimed at enhancing production efficiency of Ready-to-Eat products in the domestic market by replacing manual labor with machinery.

These project supports the Company's strategy for sales growth expansion and increased production capacity to meet the consumers demands while also improving efficiency in consistently manufacturing high-quality products in accordance with established standards.

Yours sincerely,



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Chief Finance Officer  
Sunsweet Public Company Limited