



No. MDA-EN 02/2023

May 11th, 2023

The President

The Stock Exchange of Thailand

Re: Management's Discussion and Analysis (MD&A) on 1Q2023

1. Executive Summary

	1Q	4Q	1Q	%Inc. (Dec.)	
(Unit: Million THB)	2023	2022	2022	YoY	QoQ
Sales Revenue	903.5	526.7	699.9	29.1%	71.6%
Gross Profit	178.7	76.8	92.0	94.2%	>100.0%
Net Profit	94.7	36.6	30.4	>100.0%	>100.0%
Earnings per share (Baht/share)	0.15	0.06	0.05		

SUN's consolidated total sales revenue for the first quarter of 2023 (1Q2023) reached THB 903.5 million, representing an increase of THB 203.6 million or 29.1% when compared to the same period last year (1Q2022), due to the flood situation has alleviated, the amount of sweet corn volumes received is according to the plan, positively impacting International sales revenue growth in Asia-Pacific region, Australia and the Middle East. In addition, the domestic sales revenue also continued positive sales growth from the ready-to-eat products (RTE), especially roasted sweet potatoes, tiger beans, ready-to-eat corn, and mixed cereals. In addition, new products released such as 5 colors mix beans are launched for sale in convenience stores and supermarkets.

SUN's consolidated net profit for 1Q2023 was reported at THB 94.7 million, an increase of THB 64.3 million or >100.0% from 1Q2022 due to (1) The amount of sweet corn volumes was higher than the previous year resulting the strong sales growth both domestically and internationally. (2) Even though higher cost of sweet corn raw material prices. However the company can manage production costs by improving production lines to increase efficiency. (3) The selling expenses increased in line with sales growth. (4) The administrative expenses were similar to the previous period. (5) In addition, The company has a policy to use hedging instruments. Gains from derivatives and foreign exchange amounted to THB 9.6 million in 1Q2023.

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As of 31 March 2022, SUN and its subsidiary had the total assets amounting to THB 1,704.7 million, increased by THB 193.7 million or 12.8% from 31 December 2022, mainly from (1) the increase in trade and other receivables of THB 172.5 million in line with sales revenue growth. (2) the increase in property, plant, and equipment by THB 101.4 million due to the Hydrolock sterilizer project and the Production efficiency improvement project such as biomass steam generators. Whereas the total liabilities were recorded at THB 471.4 million, increased by THB 99.0 million or 26.6% primarily from (1) an increase in trade and other payables amounting to THB 28.4 million from the normal trade transactions. (2) long-term loans from financial institutions amounting to Bath 67.2 million for the Automatic Hydrolock sterilizer project and the X-ray contaminant inspection machine and package leak checker project. The total shareholders' equity was THB 1,233.2 million, increased by THB 94.7 million or 8.3% from the net profit of 1Q2023.

2. Economic Overview in the First Quarter of 2023

The world economy in 1Q2023 tends to improve due to the momentum of the service sector including China after the lifting of disease control measures. However, there is still uncertainty from (1) the inflation outlook is still at a high level and (2) financial institution problems in major economies.

There is still uncertainty from inflation outlook will continue to be high. Even recently, there has been a downward sign. Anyway the latest inflation data in March 2023 indicates that the price of ready-to-eat food has increased slightly from the previous month due to the high cost. And there are still some goods and services that have not been passed on costs in the previous period. Therefore the transmission of costs must be tracked in the next phase. The company tries to control production costs and other expenses appropriately.

The global financial markets are highly volatile, according to the direction of the US Federal Reserve's monetary policy and the European Central Bank with increased uncertainty. This is because of the inflation tends to be at a high level. In addition, financial stability is exposed to increased risks from financial institution problems. The US dollar in 1Q2023 fluctuated in line with the uncertainty of the US Bank's monetary policy direction. However, Thailand's strong external stability can withstand any volatility. The Company also regularly manages the risk by entering into forward exchange contracts to mitigate the impact of such exchange rate volatility.

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The Thai economy in 1Q2023 continued to expand from the previous quarter because the tourism and private consumption reducing the impact of the global economic uncertainty.

The outlook for the Thai economy and the world economy still needs to be monitored (1) financial problems in major economies lead to tighter financial conditions (2) Inflation trends that may shift in the future, partly as a result of structural changes such as technology transformation, deglobalization, and green transition.

3. Financial Results of SUN and its subsidiary for 1Q2023

	1Q	4Q	1Q	%Inc. (Dec.)	
(Unit: Million THB)	2023	2022	2022	YoY	QoQ
Revenue from sales	903.5	526.7	699.9	29.1%	71.6%
Cost of sales	(724.8)	(449.9)	(607.9)	19.2%	61.1%
Gross profit	178.7	76.8	92.0	94.2%	>100.0%
Other income	1.3	1.9	2.0	(31.4%)	(29.4%)
Gains on exchange rate & on derivatives, net	9.6	35.2	9.5	1.1%	(72.7%)
Selling expenses	(59.0)	(39.6)	(45.5)	29.8%	49.2%
Administrative expenses	(21.3)	(25.8)	(21.8)	(2.0%)	(17.4%)
Finance costs	(1.3)	(1.1)	(0.7)	90.9%	20.1%
Profit before income tax	108.0	47.4	35.5	>100.0%	>100.0%
Income tax	(13.3)	(10.8)	(5.1)	>100.0%	23.0%
Net profit	94.7	36.6	30.4	>100.0%	>100.0%
Earnings per share (Baht/share)	0.15	0.06	0.05		
% GP	19.8%	14.6%	13.1%		
% Net profit margin	10.4%	6.5%	4.3%		
EBITDA	128.6	68.6	55.8	>100.0%	87.6%
% EBITDA margin	14.1%	12.2%	7.8%		

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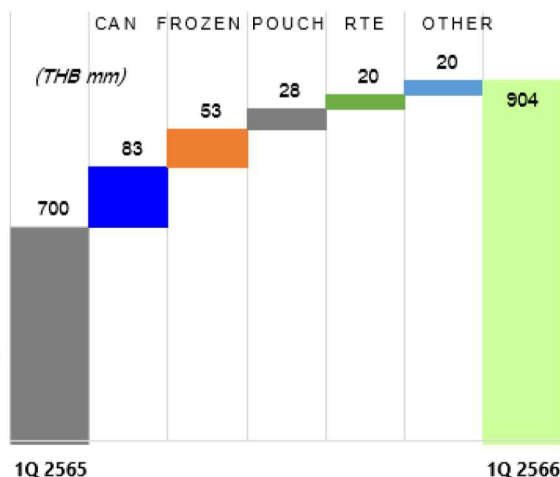
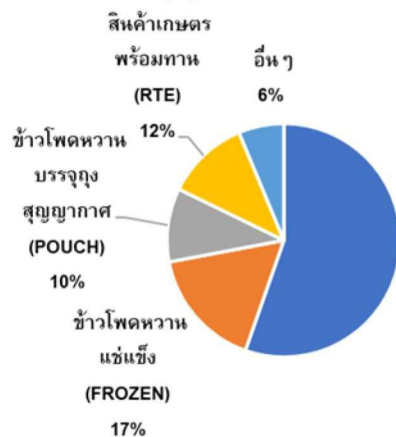
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Summary of Financial Performance

Revenues

1. Revenues from Sales

Sales Breakdown(%) Q1'2566



SUN's consolidated total revenues from sales for 1Q2023 reached THB 903.5 million, representing an increase of THB 203.6 million or 29.1% over the same period last year. This increase was mainly driven by:

- Export sales can expand in Asia Pacific region, Australia and the Middle East, especially in canned products, pouch products and frozen products.
- Domestic sales increased from ready-to-eat (RTE) products, especially Roasted Japanese sweet potato, Boiled tiger peanut, Ready-to-eat bagged sweet corn and Ready-to-eat whole grain. There are also new products released such as 5 colors mix beans are launched for sale in convenience stores and supermarkets.

2. Other Income

The consolidated other income for 1Q2023 was THB 1.3 million, representing a decrease of THB 0.7 million or 31.4% over the same period last year due to in 1Q2022, there were higher sales of steel and stainless-steel scrap than the 1Q2023.

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

The consolidated gain on the exchange rate and derivatives, net for 1Q2023 was THB 9.6 million, representing an increase of THB 0.1 million or 1.1% from 1Q2022, which was gain on exchange rate and derivatives amounting to THB 9.5 million. In 1Q2023, the US dollar fluctuated following the uncertainty of the US Bank's monetary policy direction. However, the Company has a policy to use financial hedging instruments such as forward foreign exchange contracts to hedge against foreign exchange fluctuations by entering into forward foreign exchange contracts as appropriate to the circumstances.

Cost of Goods Sold and Gross Profit from Sales

SUN's consolidated gross profit for 1Q2023 reached THB 178.7 million. (19.8% of gross profit margin), representing an increase of THB 86.7 million or 94.2% over the same period last year, which was THB 92.0 million. (13.1% of gross profit margin), %GP decreased mainly due to:

- The amount of sweet corn volumes was higher than the previous year.
- Even though the cost of production is slightly higher due to higher cost of sweet corn raw material prices. However, the company has negotiated with trading partners to increase the selling price to reflect higher production factors.
- Production lines have been improved for better production efficiency and cost reduction, including the completion of Biogas project and the the Solar roof project, enabling to save the energy costs.

Selling Expenses

The consolidated selling expenses for 1Q2023 was THB 59.0 million with an increase of THB 13.5 million or 29.8% over the same period last year due to an increase in transportation costs, commissions, sales promotion, travelling and entertainment expenses in line with the sales growth.

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General and Administration Expenses

The consolidated general and administration expenses for 1Q2023 was THB 21.3 million with a slightly decrease of THB 0.5 million or 2.0% over the same period last year. The General and Administrative expenses remained well controlled. The main expenses are employee salary and welfare expenses.

Financial Costs

The consolidated financial costs for 1Q2023 was THB 1.3 million, an increase of THB 0.6 million or 90.9% 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, Biogas production project, Automatic Hydrolock sterilizer project and X-ray contaminant inspection machine.

Net Profit and Net Profit Margin

SUN's consolidated net profit for 1Q2023 reached THB 94.7 million, an increase of THB 64.3 million or >100.0% over the same period last year was mainly from (1) The amount of sweet corn volumes was higher than the previous year, increasing in sales volume and higher selling price both domestically and internationally. (2) Even though higher cost of sweet corn raw material prices. However the company can manage production costs by improving production lines to increase efficiency. (3) Higher selling expenses due to increase in line with sales. (4) The administrative expenses can be controlled well, similar to the previous period. (5) In addition, the company has a policy to use hedging instruments regularly. Gains from derivatives and foreign exchange amounted to THB 9.6 million.

The consolidated net profit margin for 1Q2023 represented 10.4%, increasing from the same period last year, which was 4.3% of net profit margin as the same above-mentioned factors.

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4. Major Project Progress

In 1Q2023, the Company has project to improve efficiency and expand production capacity, expected to be completed in 2Q2023 as follows:

1. Biomass steam generator with capacity of 15 tons per hour
2. Automatic Hydrolock sterilizer, continuous sterilization system.
3. Vacuum bagging corn kernels and Vacuum Corn kernels bagging products machine.

The project supports the expansion of sales growth according to the company's business plan and increase production capacity in products to meet the needs of consumers including helping to increase efficiency in producing quality products consistently according to the standard.

Yours sincerely



Mr. Vira Nopwattanakorn

Chief Finance Officer

Sunsweet Public Company Limited

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