



No. MDA-EN 04/2023

November 8<sup>th</sup>, 2023

The President

The Stock Exchange of Thailand

Re: Management's Discussion and Analysis (MD&A) on 3Q2023 and 9M2023 performance

## 1. Executive Summary

(Unit: Million THB)	3Q2023	2Q2023	3Q2022	%Inc. (Dec.)		9M2023	9M2022	%Inc. (Dec.)
				YoY	QoQ			
Sales Revenue	1,013.8	935.3	820.3	23.6%	8.4%	2,852.6	2,413.5	18.2%
Gross Profit	205.0	195.9	165.3	24.0%	4.7%	579.6	403.8	43.6%
Net Profit	84.1	60.6	32.2	161.0%	38.7%	239.5	88.5	170.5%
Earnings per share (THB/share)	0.13	0.09	0.05			0.37	0.14	

SUN's consolidated total sales revenue for 3Q2023 reached THB 1,013.8 million, representing an increase of THB 193.5 million or +23.6% over the same period last year. This increase was due to the amount of sweet corn volumes received is according to the plan, positively impacting International sales revenue growth in Asia, Australia and Europe. In addition, the domestic sales revenue also continued positive sales growth from the ready-to-eat products (RTE), especially roasted sweet potatoes and tiger beans. In addition, new products released such as longan in syrup are launched for sale in convenience stores and supermarkets.

SUN's consolidated net profit for 3Q2023 reached THB 84.1 million, representing a significant increase of THB 51.9 million or +161.0% from the same period last year, driven by (1) Increased volumes of sweet corn procurement compared to the previous year (2) Strong sales growth, both domestic and international markets. (3) Despite higher costs of sweet corn raw materials, the company successfully negotiated higher selling prices with the customers. Furthermore, continuous enhancements in the production processes have been implemented to improve efficiency. (4) The selling and administration expenses remain well-controlled. (5) In addition, the company has a policy to use hedging instruments. In 3Q2023, the loss from derivatives and foreign exchange amounted to THB 26.5 million.

SUN's consolidated total sales revenue for 9M2023 reached THB 2,852.6 million, representing an increase of THB 439.1 million or +18.2% from the same period last year. SUN's consolidated net profit for 9M2023 reached THB 239.5 million, an increase of THB 151.0 million or +170.5% over the same period last year, driven by the abovementioned reasons.

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As of 30 September 2023, SUN and its subsidiary had the total assets amounting to THB 1,928.6 million, increased by THB 417.6 million or 27.6% from 31 December 2022, mainly from (1) the increase in trade and other receivables of THB 105.3 million in line with sales revenue growth. (2) the increase in inventory of THB 202.4 million due to a continuous sweet corn procurement to meet the growing demand from our customers. (3) the increase in property, plant, and equipment by THB 139.5 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 679.6 million, increased by THB 307.1 million or 82.5% primarily from (1) an increase in trade and other payables amounting to THB 154.9 million from the normal trade transactions. (2) an increase in long-term loans from financial institutions amounting to THB 91.7 million, mainly from borrowings from past investment projects. The total shareholders' equity was THB 1,249.0 million, increased by THB 110.5 million or 9.7%.

## 2. Economic Overview in the Third Quarter of 2023

The world economy in 3Q2023 are showing expansionary trends, with the U.S. economy continually growing, particularly in the service sector. However, the Chinese economy is experiencing a slower recovery than anticipated due to issues in the real estate sector, which is impacting exports and the gradual release of inventory.

The THB depreciating against the US dollar following (1) fluctuations in line with the Fed's monetary policy, (2) the depreciation of the Chinese Yuan, and (3) investor uncertainty regarding government measures that could potentially impact economic stability. However, the Company actively manages this risk by consistently engaging in forward exchange contracts to mitigate the impact of such exchange rate volatility.

The Thai economy in 3Q2023, continued to expand from the previous quarter because the tourism sector and export value.

The outlook for the Thai and global economies is still under the influence of several potential risks such as 1) Stringent monetary policies implemented by major central banks. 2) Global trade disruptions, which may be exacerbated by the slower recovery of the Chinese economy. 3) Ongoing geopolitical tensions, both in the Russia-Ukraine conflict and the Hamas-Israel situation 4) the El Niño phenomenon, which could impact agricultural production and prices.

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### 3. Financial Results of SUN and its subsidiary for 3Q2023 and 9M2023

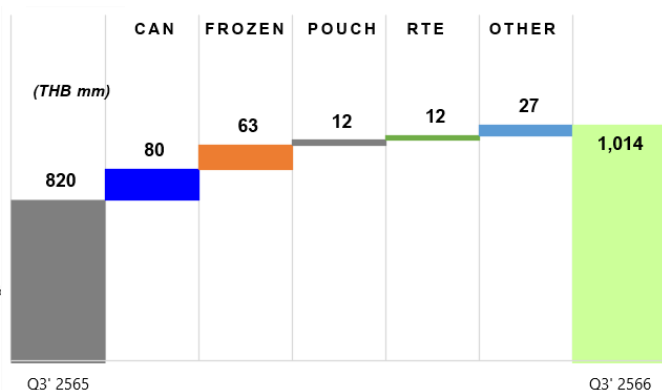
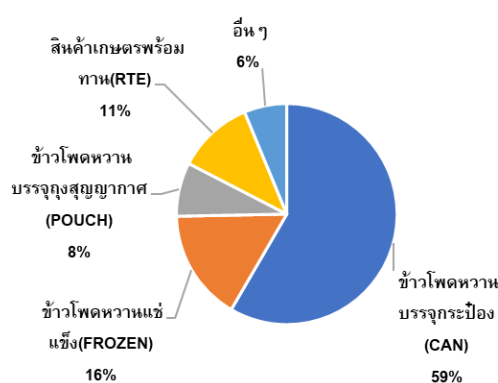
(Unit: Million THB)	3Q2023	2Q2023	3Q2022	%Inc. (Dec.)		9M2023	9M2022	%Inc. (Dec.)
				YoY	QoQ			
Revenue from sales	1,013.8	935.3	820.2	23.6%	8.4%	2,852.6	2,413.5	18.2%
Cost of sales	(808.8)	(739.4)	(654.9)	23.5%	9.4%	(2,273.0)	(2,009.7)	(213.1%)
Gross profit	205.0	195.9	165.3	24.0%	4.7%	579.6	403.8	43.6%
Other income	3.4	1.8	2.2	55.6%	91.2%	6.5	7.3	(10.8%)
Losses on exchange rate & on derivatives, net	(26.5)	(42.2)	(53.2)	(50.2%)	(37.1%)	(59.0)	(80.6)	(26.8%)
Selling expenses	(61.5)	(62.5)	(56.5)	9.0%	(1.5%)	(183.1)	(164.0)	11.6%
Administrative expenses	(28.5)	(23.9)	(20.1)	42.3%	19.5%	(73.8)	(61.9)	19.1%
Finance costs	(0.8)	(0.4)	(0.4)	74.8%	77.9%	(2.5)	(1.7)	47.6%
Profit before income tax	91.1	68.7	37.3	144.0%	32.5%	267.7	102.9	160.2%
Income tax	(7.0)	(8.1)	(5.1)	36.9%	(13.4%)	(28.4)	(14.4)	96.9%
Net profit	84.1	60.6	32.2	161.0%	38.7%	239.3	88.5	170.5%
Earnings per share (THB/share)	0.13	0.09	0.05			0.37	0.14	
% GP	20.2%	20.9%	20.2%			20.3%	16.7%	
% Net profit margin	8.3%	6.5%	3.9%			8.4%	3.7%	
EBITDA	111.7	88.6	56.5	97.7%	26.1%	328.9	162.5	102.4%
% EBITDA margin	11.0%	9.5%	6.9%			11.5%	6.7%	

### Summary of Financial Performance

#### Revenues

##### 1. Revenues from Sales

Sales Breakdown(%) Q3'2566



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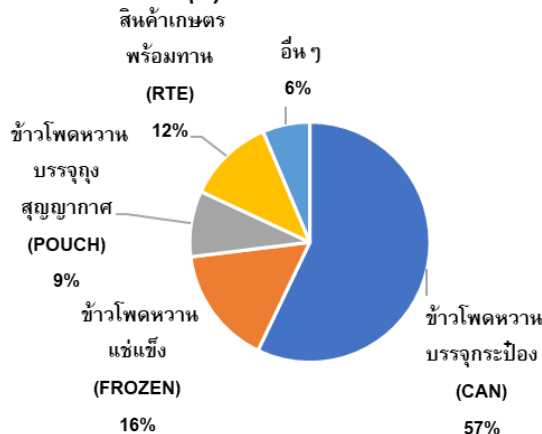
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#### Sales Breakdown(%) 9M2566



(THB mm)	CAN	FROZEN	POUCH	RTE	OTHER	
2,414	135	145	41	49	71	2,853
9M2565						9M2566

SUN's consolidated total revenues from sales for 3Q2023 reached THB 1,013.8 million, representing an increase of THB 193.5 million or 23.6% over the same period last year. This increase was mainly driven by:

- Export sales can expand in Asia Pacific region, Australia and Europe, especially in can products and frozen products.
- Domestic sales increased from ready-to-eat (RTE) products, especially Roasted Japanese sweet potato and Boiled tiger peanut. There are also new products released such as longan in syrup are launched for sale in convenience stores and supermarkets.

SUN's consolidated total revenues from sales for 9M2023 reached THB 2,852.6 million, representing an increase of THB 439.1 million or 18.2% over the same period last year.

## 2. Other Income

The consolidated other income for 3Q2023 was THB 3.4 million, representing an of THB 1.2 million or 55.6% over the same period last year The other income primarily includes the tax refund income, sales of scrap materials, and income from partner support in the cultivation promotion project.

The consolidated other income for 9M2023 was THB 6.5 million, representing a decrease of THB 0.8 million or 10.8% over the same period last year, due to in 9M2022, the company received tax refunds from the Customs Department and there were higher scrap sales than the 9M2023.

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

The consolidated loss on the exchange rate and derivatives, net for 3Q2023 was THB 26.5 million, representing a decrease of loss THB 26.7 million or 50.2% from 3Q2022, which was loss on exchange

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rate and derivatives amounting to THB 53.2 million. In 3Q2023, The THB depreciating against the US dollar following (1) fluctuations in line with the Fed's monetary policy, (2) the depreciation of the Chinese Yuan, and (3) investor uncertainty regarding government measures that could potentially impact economic stability. 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.

The consolidated loss on exchange rate and derivatives, net for 9M2023 was THB 59.0 million, representing a decrease of loss amounting to THB 21.6 million or 26.8% over the same period last year, which was loss on exchange rate and derivatives amounting to THB 80.6 million.

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

SUN's consolidated gross profit for 3Q2023 reached THB 205.0 million. (20.2% of gross profit margin), representing an increase of THB 39.7 million or 24.0% over the same period last year, which was THB 165.3 million. (20.2% of gross profit margin), %GP remains stable despite an increase in production costs due to higher raw material prices, This stability is attributed to (1) increased volumes of sweet corn procurement compared to the previous year and (2) the company successfully negotiations with customers to increase selling prices (3) Furthermore, continuous improvements in the production processes have been implemented to enhance efficiency and reduce costs. These improvements include projects such as the Automatic Hydrolock sterilizer, a continuous sterilization system and a Packing Line for large-sized canned products.

SUN's consolidated gross profit for 9M2022 reached THB 579.6 million. (20.3% of Gross Profit Margin), representing an increase of THB 175.8 million or 43.6% over the same period last year, which was THB 403.8 million. (16.7% of Gross Profit Margin), driven by the abovementioned reasons.

#### Selling Expenses

The consolidated selling expenses for 3Q2023 amounted to THB 61.5 million, an increase of THB 5.0 million or 9.0% over the same period last year. This increase correlates with the heightened sales performance. Significantly, the proportion of selling expenses to sales revenue has decreased, attributed to the expansion of international sales revenue within the Asian continent. This expansion benefits from lower transportation costs in comparison to the European continent.

The consolidated selling expenses for 9M2023 was THB 183.1 million with an increase of THB 19.1 million or 11.6% over the same period last year.



### General and Administration Expenses

The consolidated general and administration expenses for 3Q2023 was THB 28.5 million with an increase of THB 8.4 million or 42.3% over the same period last year due to the higher employee salary and welfare expenses, as well as expenses related to agricultural research and agricultural technology projects.

The consolidated general and administration expenses for 9M2023 was THB 73.8 million with an increase of THB 11.9 million or 19.1% over the same period last year.

### Financial Costs

The consolidated financial costs for 3Q2023 was THB 0.8 million, an increase of THB 0.4 million or 74.8% over the same period last year. This increase was primarily attributed to the utilization of long-term loans from financial institutions for investments in machinery enhancement projects.

The consolidated financial costs for 9M2023 was THB 2.5 million, an increase of THB 0.8 million or 47.6% over the same period last year.

### Net Profit and Net Profit Margin

SUN's consolidated net profit for 3Q2023 reached THB 84.1 million, an increase of THB 51.9 million or +161% over the same period. This increase can be attributed to the following factors:

- i) The amount of sweet corn volumes received is according to the plan, resulting in increased sales revenue both domestically and internationally.
- ii) Despite higher cost of sweet corn raw material prices, the company effectively managed production costs by enhancing production lines to increase efficiency.
- iii) Selling expenses increased in line with sales growth.
- iv) Administrative expense increased due to higher employee salaries and benefits, as well as expenses related to agricultural research and agricultural technology projects.
- v) Additionally, the company adheres to a consistent policy of utilizing hedging instruments, although it incurred losses of THB 26.5 million in derivatives and foreign exchange during 3Q2023.

The consolidated net profit margin for 3Q2023 represented 8.3%, increasing from the same period last year, which was 3.9% of net profit margin as the same above-mentioned factors.

SUN's consolidated net profit for 9M2023 reached THB 239.3 million, an increase of THB 150.8 million or 171% over the same period last year.

The consolidated net profit margin for 9M2023 represented 8.4%, increasing from the same period last year, which was 3.7% of net profit margin.

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#### 4. Major Project Progress

the Company has undertaken projects to improve efficiency and expand production capacity, which are expected to be completed date in 4Q2023 as below:

1. Biomass steam generator with capacity of 15 tons per hour
2. X-RAY and leakage testing machines for packaging.

Furthermore, the company has investment plans for the fourth quarter of 2023, focusing on the Raw Material Loading (RM Loading) project and a packing line for small-sized canned products.

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,



Mr. Vira Nopwattanakorn  
Chief Finance Officer  
Sunsweet Public Company Limited

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