

The President

The Stock Exchange of Thailand

Re: Management's Discussion and Analysis (MD&amp;A) on 4Q2023 and FY2023 performance

## 1. Executive Summary

| (Unit: Million THB)               | 4Q2023 | 3Q2023  | 4Q2022 | %Inc. (Dec.) |         | FY2023  | FY2022  | %Inc. (Dec.) |
|-----------------------------------|--------|---------|--------|--------------|---------|---------|---------|--------------|
|                                   |        |         |        | YoY          | QoQ     |         |         |              |
| Sales Revenue                     | 843.9  | 1,013.8 | 526.7  | 60.2%        | (16.8%) | 3,696.5 | 2,940.2 | 25.7%        |
| Gross Profit                      | 184.2  | 205.1   | 76.8   | 139.8%       | (10.2%) | 763.8   | 480.6   | 58.9%        |
| Net Profit                        | 117.9  | 84.1    | 36.6   | 222.2%       | 40.2%   | 357.4   | 125.1   | 185.6%       |
| Earnings per share<br>(THB/share) | 0.18   | 0.13    | 0.06   |              |         | 0.55    | 0.19    |              |

SUN's consolidated total sales revenue for 4Q2023 reached THB 843.9 million, reflecting a significant increase of THB 317.2 million or +60.2% over the same period last year. Despite seasonal drought conditions and the El Niño phenomenon, the sweet corn supply remained in line with projections, contributing positively to the growth of international sales revenue in Asia, Australia, and Europe. Additionally, domestic sales revenue also continued to experience positive growth, particularly in ready-to-eat (RTE) product category, especially roasted sweet potatoes and tiger beans. Furthermore, new products such as longan in syrup were introduced and made available for purchase in convenience stores.

SUN's consolidated net profit for 4Q2023 reached THB 117.9 million, representing a significant increase of THB 81.3 million or +222.2% 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 4Q2023, the gain from derivatives and foreign exchange amounted to THB 39.9 million.

SUN's consolidated total sales revenue for FY2023 reached THB 3,696.5 million, representing an increase of THB 756.3 million or +25.7% from the same period last year. SUN's consolidated net profit for FY2023 reached

THB 357.4 million, an increase of THB 232.3 million or +185.6% over the same period last year, driven by the abovementioned reasons.

As of 31 December 2023, SUN and its subsidiary had the total assets amounting to THB 1,978.2 million, increased by THB 467.2 million or 30.9% from 31 December 2022, mainly from (1) the increase in trade and other receivables of THB 160.3 million in line with sales revenue growth. (2) the increase in inventory of THB 332.2 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 179.4 million due to (a) the Hydrolock sterilizer project aims to support sales by improve production capacity through the use of automated robotics system, thereby reducing significantly the need for manual labor, (b) the Production efficiency improvement project: Biomass Steam Generators, the alternative energy sources, and (c) Additional land purchases were made to support research and development in supporting the supply chain of agricultural RW and to support technology-related agricultural activities.

Whereas the total liabilities were recorded at THB 611.3 million, increased by THB 238.8 million or 64.1% primarily from (1) an increase in trade and other payables amounting to THB 113.0 million from the normal trade transactions. (2) an increase in short-term loans from financial institutions amounting to THB 30.0 million to support working capital. (2) an increase in long-term loans from financial institutions amounting to THB 87.6 million, mainly from borrowings from past investment projects. Furthermore, the total shareholders' equity was THB 1,366.8 million, increased by THB 228.4 million or 20.1%.

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

The world economy in 4Q2023 continues to expand, with the U.S. economy continually growing, driven by consumption. Meanwhile, the Japanese economy is expanding through exports and production. 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 Eurozone economy is contracting due to consumption, and risks from geopolitical conflicts need to be monitored.

The THB strengthened throughout the 4Q2023 following the depreciation of the US dollar due to the monetary policy direction of the Federal Reserve, which the market expects to end the interest rate hike cycle and signal a policy rate reduction in 2024. 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 4Q2023, expanded at a slower pace due to a slowdown in tourism revenue and export value. However, private consumption and the service sector continued to expand steadily.

The outlook for the Thai and global economies still needs to be monitored (1) the recovery of global trade, (2) the impact of geopolitical conflicts, (3) the central bank's monetary policy, and (4) the El Niño phenomenon, which could affect agricultural production and prices.

### 3. Financial Results of SUN and its subsidiary for 4Q2023 and FY2023

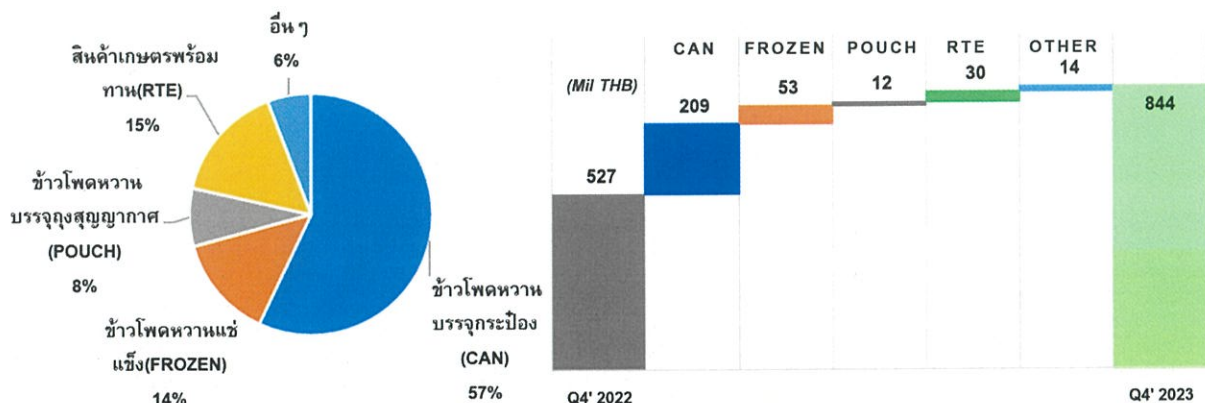
| (Unit: Million THB)                           | 4Q2023  | 3Q2023  | 4Q2022  | %Inc. (Dec.) |          | FY2023    | FY2022    | %Inc. (Dec.) |
|---|---------|---------|---------|--------------|----------|-----------|-----------|--------------|
|   |         |         |         | YoY          | QoQ      |           |           |              |
| Revenue from sales                            | 843.9   | 1,013.8 | 526.6   | 60.2%        | (16.8%)  | 3,696.5   | 2,940.2   | 25.7%        |
| Cost of sales                                 | (659.7) | (808.8) | (449.9) | 46.6%        | (18.4%)  | (2,932.7) | (2,459.6) | (219.2%)     |
| Gross profit                                  | 184.2   | 205.0   | 76.7    | 139.8%       | (10.2%)  | 763.8     | 480.6     | 58.9%        |
| Other income                                  | 3.0     | 3.4     | 1.9     | 58.8%        | (11.7%)  | 9.6       | 9.2       | 3.5%         |
| Losses on exchange rate & on derivatives, net | 39.9    | (26.5)  | 35.1    | 13.6%        | (250.7%) | (19.1)    | (45.4)    | (58.0%)      |
| Selling expenses                              | (59.6)  | (61.5)  | (39.6)  | 50.6%        | (3.2%)   | (242.6)   | (203.5)   | 19.2%        |
| Administrative expenses                       | (26.8)  | (28.5)  | (25.8)  | 3.8%         | (6.1%)   | (100.6)   | (87.8)    | 14.6%        |
| Finance costs                                 | (2.0)   | (0.8)   | (1.1)   | 86.8%        | 162.8%   | (4.5)     | (2.8)     | 62.9%        |
| Profit before income tax                      | 138.7   | 91.1    | 47.2    | 192.7%       | 52.3%    | 406.6     | 150.3     | 170.4%       |
| Income tax                                    | (20.8)  | (7.0)   | (10.8)  | 92.9%        | 197.0%   | (49.2)    | (25.2)    | 95.2%        |
| Net profit                                    | 117.9   | 84.1    | 36.4    | 222.2%       | 40.2%    | 357.4     | 125.1     | 185.6%       |
| Earnings per share (THB/share)                | 0.18    | 0.13    | 0.06    |              |          | 0.55      | 0.19      |              |
| % GP  | 21.8%   | 20.2%   | 14.6%   | +724 bps     | +160 bps | 20.7%     | 16.3%     | 26.4%        |
| % Net profit margin                           | 13.3%   | 8.3%    | 6.5%    | +680 bps     | +503 bps | 9.6%      | 4.2%      | 127.3%       |
| EBITDA  | 163.2   | 111.7   | 68.6    | 138.1%       | 46.2%    | 492.1     | 231.0     | 113.0%       |
| % EBITDA margin                               | 18.4%   | 11.0%   | 12.2%   | +625 bps     | +743 bps | 13.3%     | 7.8%      |              |

## Summary of Financial Performance

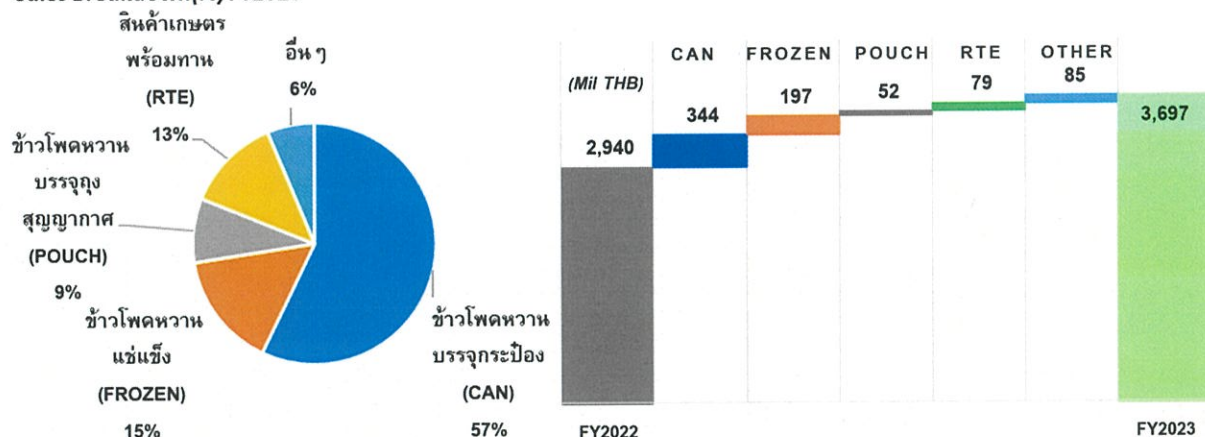
### Revenues

#### 1. Revenues from Sales

##### Sales Breakdown(%) Q4'2023



##### Sales Breakdown(%) FY2023



SUN's consolidated total revenues from sales for 4Q2023 reached THB 843.9 million, representing an increase of THB 317.2 million or 60.2% over the same period last year. This increase was mainly driven by:

- Expansion of export sales canned and frozen products in Asia Pacific region, Australia, and Europe, particularly due to an increase in inventory by international customers to mitigate the risk of product shortages they experienced the previous year.





- ii) 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.

SUN's consolidated total revenues from sales for FY2023 reached THB 3,696.5 million, representing an increase of THB 756.3 million or 25.7% over the same period last year.

## 2. Other Income

The consolidated other income for 4Q2023 was THB 3.0 million, representing an of THB 1.1 million or 58.8% over the same period last year The other income primarily includes profit from sales of old machinery, and interest income.

The consolidated other income for FY2023 was THB 9.6 million, representing a slightly increase of THB 0.4 million or 3.5% over the same period last year. This increase is attributed to the profit from sales of old machinery, and interest income.

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

The consolidated gain on the exchange rate and derivatives, net for 4Q2023 was THB 39.9 million, representing an increase of profit amounting to THB 4.8 million or 13.6% from 4Q2022, which was gain on exchange rate and derivatives amounting to THB 35.1 million.

In 4Q2023, The THB strengthened throughout the 4Q2023 following the depreciation of the US dollar due to the monetary policy direction of the Federal Reserve, which the market expects to end the interest rate hike cycle and signal a policy rate reduction in 2024. However, the Company actively manages this risk by consistently engaging in financial hedging instruments such as forward foreign exchange contracts to mitigate the impact of such exchange rate volatility as appropriate to the circumstances.

The consolidated loss on exchange rate and derivatives, net for FY2023 was THB 19.1 million, representing a decrease of loss amounting to THB 26.3 million or 58.0% over the same period last year, which was loss on exchange rate and derivatives amounting to THB 45.4 million.

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

SUN's consolidated gross profit for 4Q2023 reached THB 184.2 million. (21.8% of gross profit margin), representing an increase of THB 107.5 million or 139.8% over the same period last year, which was THB 76.7 million. (14.62% of gross profit margin), %GP increased despite higher production costs due to increased raw material prices, due 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 to reflect the increased production cost (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 FY2022 reached THB 763.8 million. (20.7% of Gross Profit Margin), representing an increase of THB 283.2 million or 58.9% over the same period last year, which was THB 480.6 million. (16.3% of Gross Profit Margin), driven by the abovementioned reasons.

#### Selling Expenses

The consolidated selling expenses for 4Q2023 amounted to THB 59.6 million, representing an increase of THB 20.0 million or 50.6% over the same period last year. This increase is consistent with the company's improved sales performance. Significantly, the ratio 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 compared to the European continent. Additionally, stable world oil prices contributed to cost control. The company continues to strictly control transportation costs.

The consolidated selling expenses for FY2023 was THB 242.6 million with an increase of THB 39.1 million or 19.2% over the same period last year.

#### General and Administration Expenses

The consolidated general and administration expenses for 4Q2023 was THB 26.8 million with an increase of THB 1.0 million or 3.8% 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 FY2023 was THB 100.6 million with an increase of THB 12.8 million or 14.6% over the same period last year.

#### Financial Costs

The consolidated financial costs for 4Q2023 were THB 2.0 million, an increase of THB 0.9 million or 86.8% over the same period last year. This increase was primarily attributed to the utilization of short-term loans from financial institutions for working capital and long-term loans from financial institutions for investments in machinery enhancement projects.

The consolidated financial costs for FY2023 were THB 4.5 million, an increase of THB 1.7 million or 62.9% over the same period last year.

#### Net Profit and Net Profit Margin

SUN's consolidated net profit for 4Q2023 reached THB 117.9 million, an increase of THB 81.5 million or +222.2% over the same period. This increase can be attributed to the following factors:

- i) The better management to improve sweet corn supply chain to align with the higher sales volume.
- ii) Despite higher cost of sweet corn raw material prices, the company effectively managed production costs by improving production lines to enhance efficiency.
- iii) Selling expenses increased align 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 maintains a consistent policy of utilizing hedging instruments, resulting in a gain on exchange rate and derivatives of THB 39.9 million.

The consolidated net profit margin for 4Q2023 represented 13.3%, increasing from the same period last year, which was 6.5% of net profit margin as the same above-mentioned factors.

SUN's consolidated net profit for FY2023 reached THB 357.4 million, an increase of THB 232.3 million or 185.6% over the same period last year.

The consolidated net profit margin for FY2023 represented 9.6%, increasing from the same period last year, which was 4.2% of net profit margin.

#### 4. Major Project Progress

the Company has undertaken projects to improve efficiency and expand production capacity, which were completed 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 ongoing investment projects in the FY2024, including:

1. The construction project of a factory to increase production capacity to support the growth of the Ready-to-Eat products in the domestic market.
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,



Mr. Wichai Laocharoenpornkul  
Chief Executive Officer  
Sunsweet Public Company Limited