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VAROPAKORN PUBLIC COMPANY LIMITED
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At Vor. 005/2568 25th February 2025

Subject: Management Discussion and Analysis (MD&A) for the year 2024

To: The president

The Stock Exchange of Thailand

The company provided Management Discussion and Analysis (MD&A) for the year 2024 at the end of 31 December 2024 as follows:

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1. Overview of Operating Performance

	FY 2024	FY 2023	Change YOY
Sales Revenue	2,971	2,510	461
Gross Profit	232	35	197
Gross Profit Ratio (%)	8%	2%	6%
Other Revenues	17	7	10
Selling & Admin. Expenses	(103)	(95)	(8)
Financial Costs	(55)	(53)	(2)
Gain (Loss) on Exchange and Derivative Revaluation	40	(4)	44
Net Profit	130	(109)	239
EPS	1.3	(1.09)	2.39

In fiscal year 2024, the company achieved total sales revenue of THB 2,970.71 million, marking an 18.4% increase compared to THB 2,509.76 million in the prior year. This growth was driven by an expanded customer base and an increase in production capacity during the second half of the year.

Net profit reached THB **130.43** million in 2024, a remarkable turnaround from the net loss of THB (108.51) million in 2023, reflecting business turnaround strongly. This improvement is primarily attributed to:

- Change of product mixes for contribution margin improvement
- Enhanced cost management practices

- Reduce production losses effectively
- Favorable foreign exchange impacts

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2. Detailed Analysis of Operating Performance

2.1 Sales Revenue

Sales revenue increased by THB 460.95 million or 18.4% from THB 2,509.76 million, in 2023 to THB 2,970.71 million in 2024 due to:

- A surge in demand in the air-conditioning industry
- Price adjustments aligned with rising raw material costs
- Expansion into new market segments, particularly to automotive sector

2.2 Cost of Goods Sold

Cost of goods sold (COGS) rose by 10.67% to THB 2,738.63 million. Despite this, the gross margin improved significantly—up to 7.81% from 1.4% in 2023, as the results of:

- Effective negotiations with suppliers to reduce raw material costs
- Increased production efficiency
- Energy & maintenance cost reduction

2.3 Selling, General & Administrative Expenses

Total SG&A expenses amounted to THB 103.59 million, a modest increase of 4.5% compared to the previous year, consisting of:

- Higher marketing expenditures aimed at expanding the customer base
- Investments in ERP systems and IT infrastructure enhancements

2.4 Other Income and Exchange Gains

- Exchange gains reached THB 40.91 million, a substantial improvement from THB 7.14 million in 2023 because of THB depreciation
- Other incomes, i.e. by product sales of THB 17.22 million—up from THB 7.44 million in the previous year

2.5 Finance Costs

Finance costs for 2024 were THB 54.56 million, slightly uncreased from THB 53.17 million in 2024, reflecting the company’s efficient financial management.

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3. Financial Position Analysis

3.1 Assets

As of 31 December 2024, total assets amounted to THB 2,506.31 million, increased 19.40% from THB 2,099.06 million in 2023. Key changes include:

- Cash and Cash Equivalents**:** Increased to THB 72.21 million from THB 1.29 million
- Trade Receivables**:** Rose by 57.6% to THB 734.78 million due to higher sales volumes
- Inventory**:** Increased by 19.2% to THB 855.10 million in anticipation of increased sales

3.2 Liabilities

Total liabilities reached THB 1,604.35 million, increased 21%from THB 1,327.52 million in 2023. The main contributing factors were:

- An increase in accounts payable increased 70.2%to THB 388.20 million
- A rise in Trust Receipts to THB 873.78 million, up by 24.5%

3.3 Shareholders' Equity

Shareholders' equity increased 16.91 % to THB 901.96 million from THB 771.53 million, primarily reflecting the turnaround in net profit.

3.4 Cash Flow Analysis

- Operating Activities**:** Net cash provided by operating activities was THB 10.59 million, down from THB 64.89 million in 2023, primarily due to increased trade receivables and inventories.
- Investing Activities**:** Cash used in investing activities amounted to THB (38.85) million, mainly due to investments in machinery improvement and computer software.
- Financing Activities**:** Cash generated from financing activities was THB 99.18 million, driven by an increase in Trust Receipts and repayment of long-term loans.

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4. Risk Factors and Future Outlook

4.1 Risk Factors

- Raw Material Price Volatility**:** The fluctuation of global market prices for aluminum may affect production costs.

- Foreign Exchange Risk**:** The company's exposure to multiple currencies may result in gains or losses due to exchange rate movements.
- Competitive Environment**:** Intensified competition from major international players poses ongoing challenges.

5.2 Outlook for 2025

- The company forecasts revenue growth of 10–15%, driven by further expansion into international markets as well as continuous cost reduction for competitive advantage.
- Plans are underway to enhance production efficiency to reduce unit costs.
- Strategic initiatives include the implementation of AI and new production technologies
- Risk management on currency exchange & raw material cost.

For the conclusion, the performance of the company of the year end 2024 as of 31st December 2024, net profit higher than the same period of last year for 20%. For the included, the company submitted the financial statements end of 31st December 2024 which were audited by the certified public auditors via online media (SETLINK) of The Stock Exchange of Thailand.

Please be informed accordingly,

Sincerely yours,

Mr.Tanawat Sornjai

Managing Director