

17 February 2025

Subject: Management Discussion and Analysis for the year ended 31 December 2024

To: President of the Stock Exchange of Thailand

President Bakery Public Company Limited would like to submit the report of Management Discussion and Analysis for the year ended 31 December 2024 which has been audited by the auditor. The financial statement of the Company, as shown by Consolidated financial statements, records changes in the operating results from the previous year. The Company would like to clarify such significant changes as below,

### Performance of the Company

(Unit : million baht)

	2024	%	2023	%	Increase ( Decrease)	
					Amount	%
Sales	7,480.31	99.30%	7,540.44	99.25%	(60.13)	(0.80%)
Total revenues	7,533.33	100.00%	7,597.68	100.00%	(64.35)	(0.85%)
Cost of Sales	4,051.27	54.16%	4,033.11	53.49%	18.16	0.45%
Gross Profit	3,429.04	45.84%	3,507.33	46.51%	(78.29)	(2.23%)
Selling and Administrative expenses	1,797.60	23.86%	1,698.30	22.35%	99.30	5.85%
Profit for the year	1,590.59	21.11%	1,707.77	22.48%	(117.18)	(6.86%)
Earnings Per Share (Baht)	3.53		3.80		(0.27)	(7.11%)

Remark: Percentage in Statement of comprehensive income derived from total revenues, while percentage of cost of sales and gross profit from sales.

### Sales

In 2024, the Company had revenue from sales amounted to 7,480.31 million baht (accounting for 99.30% of total revenue), a decrease from 7,540.44 million baht in 2023, representing a decline of 60.13 million baht, or a decrease of 0.80%. This drop in sales was due to increased competition in the industry, with new players entering the market.

### Cost of Sales and Gross Profit

In 2024, the Company had a cost of sales amounted to 4,051.27 million baht, an increase from 4,033.11 million baht in 2023, representing an increase of 18.16 million baht or a 0.45% increase. The rise in cost of sales, despite the

decrease in sales revenue, was due to wage adjustments and scheduled machinery maintainance. The increase in cost of sales, contrary to the decline in revenue, resulted in a decrease in the gross profit margin.

The Company's gross profit and gross profit margin for 2024 were 3,429.04 million baht and 45.84%, respectively. (For 2023, the gross profit was 3,507.33 million baht, accounting for 46.51% of total sales.) The decrease in gross profit and gross profit margin was due to increased costs while sales declined, as mentioned above.

#### **Selling and Administrative expenses**

In 2024, the Company's selling and administrative expenses totaled 1,797.60 million baht (accounting for 23.86% of total revenue), an increase from 2023 (1,698.30 million baht, representing 22.35% of total revenue), amounting to 99.30 million baht, or a 5.85% increase. The increase in expenses was due to additional investments in sales promotion, advertising, and public relations, as well as wage adjustments. Furthermore, during the year, the Company purchased 96 new delivery vehicles to replace those that had reached the end of their service life, leading to higher depreciation costs for vehicles included in selling expenses.

#### **Profit for the year**

The Company had a profit for the year 2024 amounted to 1,590.59 million baht (accounting for 21.11% of total revenue), a decrease of 117.18 million baht, or a 6.86% reduction, from 2023. Moreover, the Company has recognized the share of profit from investment in joint venture for the year ended 31 December 2024 in the amount of Baht 3.38 million.

#### **Financial Position of the Company**

(Unit: million baht)

	<b>2024</b>	<b>%</b>	<b>2023</b>	<b>%</b>	<b>Increase ( Decrease)</b>	
					<b>Amount</b>	<b>%</b>
Current assets	8,320.99	59.99%	7,201.70	55.76%	<b>1,119.29</b>	<b>15.54%</b>
Non-current assets	5,550.44	40.01%	5,714.71	44.24%	<b>(164.27)</b>	<b>(2.87%)</b>
Total assets	13,871.43	100.00%	12,916.41	100.00%	<b>955.02</b>	<b>7.39%</b>
Total liabilities	1,428.10	10.30%	1,174.73	9.09%	<b>253.37</b>	<b>21.57%</b>
Shareholders' equity	12,443.33	89.70%	11,741.68	90.91%	<b>701.65</b>	<b>5.98%</b>
Total liabilities and shareholders' equity	13,871.43	100.00%	12,916.41	100.00%	<b>955.02</b>	<b>7.39%</b>

### **Total Assets**

As of 31 December 2024, the Company had total assets amounted to 13,871.43 million baht, an increase from 31 December 2023 of 955.02 million baht. Major assets include financial assets totaling 7,692.48 million baht and land, buildings, and equipment amounting to 3,984.94 million baht, accounting for 55.46% and 28.73% of total assets, respectively. The overall increase in assets was primarily due to the increase in

- Cash and cash equivalents by 302.61 million baht ,resulting from operations

- Financial assets by 156.09 million baht, it is a result of investment in Bank of Thailand bonds and deposit receipts that provide good returns.

- Land, buildings, and equipment by 574.48 million baht, the result of investment in land purchase for construction of 4 distribution centers, purchase of machinery for new product lines and 96 ready-to-use transport vehicles, with 33 more containers in the process.

Meanwhile, trade receivables and other receivables decreased from the end of the year by 84.21 million baht (from 1,030.03 million baht to 945.82 million baht), due to the holiday season at the year-end, causing a slight delay in payment collections. However, the Company still maintains an average collection period of approximately 47 days.

### **Total Liabilities**

As of 31 December 2024, the Company had total liabilities amounted to 1,428.10 million baht, an increase from 31 December 2023 of 253.37 million baht. Total liabilities as of 31 December 2024 represented 10.30% of liabilities and shareholders' equity, resulting in a debt-to-equity ratio of 0.11 times. An average payment period of 67 days.

### **Shareholders' Equity**

As of 31 December 2024, shareholders' equity amounted to 12,443.33 million baht, an increase from 31 December 2023 of 701.65 million baht or 5.98%. This increase resulted from an operating profit for the year of 1,590.59 million baht and dividend payments of 913.50 million baht, resulting in a book value per share of 27.65 baht per share, an increase from 31 December 2023, which was 26.09 baht per share.

## . Liquidity and suitability of investment structure

### Liquidity

(Unit: million baht)

<b>Cash flows</b>	<b>2024</b>	<b>2023</b>
Net cash from operating activities	1,840.26	1,863.89
Net cash used in investing activities	608.93	1,028.86
Net cash used in financing activities	928.72	914.82
Net increase (decrease) in cash and cash equivalents	302.61	(79.79)
Cash and cash equivalents at beginning of year	569.15	648.94
Cash and cash equivalents at end of year	871.76	569.15

As of 31 December 2024, the Company had an increase in cash and cash equivalents of 302.61 million baht, representing a 53.17% increase. This increase was from the Company's operating activities amounting to 1,840.26 million baht, with 608.93 million baht used in investing activities and 928.72 million baht used in financing activities.

The cash flow used in investing activities amounted to 608.93 million baht, which was invested in financial assets, government bonds, land acquisition for the construction of four distribution centers, and vehicles to replace the old delivery vehicles that had reached the end of their service life.

The cash flow used in financing activities amounted to 928.72 million baht, primarily consisting of the final dividend payment for 2023 of 513 million baht and an interim dividend payment for 2024 of 400.50 million baht.

As of 31 December 2024, the Company had a liquidity ratio of 6.34 times, a cash flow liquidity ratio of 1.55 times, with a sales period of 1 day, an average collection period of 47 days, and an average payment period of 67 days, resulting in a cash conversion cycle of 19 days.

### Suitability of Capital Structure

As of 31 December 2024, the Company had a debt-to-equity ratio of 0.11 times, which remained low, along with an interest coverage ratio of 1,671.48 times, reflecting stable financial strength and a suitable capital structure.

### Factors or events that may significantly affect the financial position or operations in the future

The uncertain economic situation, both domestic and international, has caused consumers to be more cautious in spending, while increasing trade competitors may affect the Company's sales. In addition, the cost of raw materials tends to increase, especially agricultural products, which have decreased yields due to climate change and global warming, which will result in higher product costs. In addition, the volatility of foreign exchange rates may affect the prices of imported raw materials and machinery. However, the Company is still committed to using resources efficiently to reduce costs in various management aspects sustainably and create maximum efficiency. There is a campaign to reduce paper usage in the organization, promote the use of electric vehicles for transportation, and install solar cells as a clean energy source, etc.

## **Sustainability Development**

### **Corporate Sustainability Development Strategy**

The Company is committed to conducting business sustainably, with a High Purpose of delivering value for a better life. Through implementing strategies to drive business toward sustainability, the Company remains mindful of and prioritizes enhancing business efficiency while considering the environmental and social impacts, adhering to the principles of governance (ESG), which consists of 4 sustainability missions, namely:

- fostering stable business growth : The organization prioritizes economic growth, with stable revenue and profit, providing sustainable returns to shareholders;
- using resources efficiently : Manages resources used in business operations with appreciation, aiming to achieve maximum efficiency;
- being environmentally friendly : Utilizes renewable energy in business operations, implements projects to reduce greenhouse gas emissions, manages waste appropriately, and promotes the expansion of forest areas in the country to mitigate environmental impact;
- developing the organization towards sustainability : Promotes employee engagement and fosters positive awareness, as well as creates a culture of sustainability within the organization, leading to a broader sense of business responsibility towards society and the environment.

The Company has undertaken various sustainability-promoting projects, with key projects addressing sustainability challenges in 3 key areas as follows:

### **Quality and Food Safety Management**

Quality and food safety management is the Company's top priority, and it has adopted the internationally recognized food safety certification standard FSSC 22000 V.6, which is accepted by global food safety organizations as an effective standard aligned with international organizations. The Company aims to have all production plants certified with this international standard by 2029. As of 2024, the Company has already received certification for 1 plant, namely the Lat Krabang 1 plant.

### **Energy Management**

The Company prioritizes energy management in both the production and transportation sectors, as the Company manufactures and distributes products independently. It has a distribution system that enables quick delivery of products to consumers nationwide.

In the production sector, the Company has implemented the IOT system for the operation of chillers, improved the efficiency of cooling machines, installed Automatic oxygen boilers, and continuously enhanced the efficiency of other machinery.

In the transportation sector, the Company has implemented the use of EV vehicles and EURO5 standard vehicles for product distribution. Additionally, there is a project to replace steel wheels with aluminum wheels on delivery trucks, reducing the weight of the vehicles to maximize energy efficiency, lower energy costs, and help lower greenhouse gas emissions.

Furthermore, the Company has a long-term goal to reduce greenhouse gas emissions by 20% by 2037, compared to the baseline year of 2022. Several projects are included in the operational plan, such as conducting a carbon footprint, assessment, installing solar cell systems on the rooftops of the manufacturing plants, and switching to air solar system at the distribution center, among others.

**Employee Capability Development and Creating ESG DNA in the Organization**

The Company encourages employees to gain more knowledge about ESG through the Company's sustainability culture, which is ESG in Process, emphasizing that employees consider ESG in every operational process. The Company has also received the SET ESG DNA certificate from the Stock Exchange for providing employees with knowledge through ESG E-learning.

Additionally, the Company has the Farmhouse ACTIVE ESG DNA Awards project, which has been ongoing for the fourth year, rewarding employees or departments that have effectively implemented ESG initiatives to promote greater collaboration on sustainability.

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(Miss Petcharat Anantawichai)

Director and Senior Management Accounting Department  
and Finance Department Manager  
Company Secretary