



(Translation)

H.O. 1001/110/2021

February 10, 2021

Subject: Management Discussion and Analysis for the three-month
period ended December 31, 2020

Attention: President
The Stock Exchange of Thailand

Sermsuk Public Company Limited and its subsidiaries clarify Consolidated Operating Result and Financial Position for the three-month period ended December 31, 2020 as the following,

Financial Performance for the three-month period ended December 31, 2020 (Quarter 1/2020-2021)

Revenue from sales and services

Revenue from sales and services of the Company was Baht 2,390 million, decreased by Baht 407 million or 14.6% from the same period of last year mainly from the decline in domestic consumption driven by the slowdown of economy from the COVID-19 virus pandemic impact. Nevertheless, the Company have expanded sales in traditional channel as well as building new sales in urban neighborhood together with promotion and marketing activities. Moreover, the Company has distributed new functional drink product for health-conscious consumers “V-Boost” with 200% vitamin C and beta glucan to strengthen the immune system to capture the consumer’s health-conscious trend.

Cost of sales and services

Cost of sales and services of the Company was Baht 1,638 million, decreased by Baht 316 million or 16.2% from the same period of last year. The lower cost was in line with the sales volume. In addition, the Company was able to manage cost savings in raw material and packaging by improve production efficiency.

Distribution costs

Distribution cost of the Company was Baht 590 million, decreased by Baht 30 million or 4.8% from the same period of last year. Transportation expenses reduced in line with lower sales volume and control over route and fuel cost efficiently. Moreover, the Company continue to invest in “Crystal” brand building with the new launch of “Crystal CARE” campaign for the year end 2020 celebration. This campaign emphasizes on the creating awareness on the understanding of the value of life in cooperation with CSR



activities to encourage the social responsibility in youths for separating and handle waste in the right way to reserve our environment. The Company continues its commitment to social responsibility and environmental stewardship in pursuit of business sustainability through Crystal brand, gaining great success and enable Crystal to continues to reinforced its leadership of drinking water category.

Administrative expenses

Administrative expenses of the Company were Baht 162 million, decreased by Baht 57 million or 26.0% due to continuous control on cost spending and implementation of a more stringent control to improve efficiencies in all spending during COVID-19 pandemic.

Net profit

The Company remained profitable during the prolonged COVID-19 pandemic challenge. Net profit of the Company for Q1/2020-2021 was Baht 55 million, which decreased by Baht 18 million or 24.7% from net profit Baht 73 million in the same period of last year. Mainly from a decrease in revenue from sales and services driven by the impact of from the COVID-19 virus pandemic. However, the Company mitigated the impact from cost control and efficiency management over operating expenses.

The Company earnings per share was Baht 0.21, a decrease of Baht 0.06 per share compared to earnings per share of Baht 0.27 in the same period of last year with aforementioned reasons.

Financial Position as at December 31, 2020

Assets

Total assets as of December 31, 2020 was Baht 12,671 million, increased by Baht 171 million or 1.4% compared to total assets at the end of last year as describe below;

Current assets were Baht 2,603 million, decreased by Baht 118 million or 4.3% mainly from cash payment of current liabilities in normal operation. Cash and cash equivalents decreased by Baht 650 million to reinvest in mutual fund, which generate higher return than saving account. The investment is classified under current investments.

Non-current assets were Baht 10,068 million, increased by Baht 289 million or 3.0% mainly from an increase in right-of-use assets Baht 314 million due to the impact from the adoption of TFRS 16 Leases, partly offset by a decrease in net value of building and equipment from depreciation expense.

Liabilities

Total liabilities as of December 31, 2020 was Baht 3,663 million, increased by Baht 61 million or 1.7% compared to total liabilities at the end of last year as describe below;

Current liabilities were Baht 1,835 million, decreased by Baht 160 million or 8.0% from the payment of other payable, mainly from annual employee expense in this quarter.



Non-current liabilities were Baht 1,828 million, increased by Baht 221 million or 13.8% mainly from an increase in lease liabilities of Baht 213 million due to the impact from the adoption of TFRS 16 Leases.

Equity

Total equity as of December 31, 2020 was Baht 9,008 million, increased by Baht 110 million or 1.2% from September 30, 2020 mainly from additional net profit of the period of Baht 55 million and the impact from the adoption of TFRS 9 Financial Instruments, Baht 51 million from gain on investments in equity instruments designated at fair value through other comprehensive income.

Cash flows

Cash and cash equivalents as at 31 December 2020 were Baht 632 million. The net cash decreased from the beginning of the year Baht 771 million was mainly from investment in mutual fund Baht 650 million as mentioned above and the purchase of machinery and equipment to increase operation's efficiency. Cash used in operating activities of Baht 58 million and cash used in financing activities Baht 21 million from payment of lease liabilities (TFRS 16). The Company has a strong financial position as we do not have any interest-bearing debt and high liquidity.

Please be informed accordingly.

Yours sincerely,

(Kosit Suksingha)
President