



(Translation)

H.O. 3012/088/2022

February 11, 2022

Subject: Management Discussion and Analysis for the three-month period ended December 31, 2021

Attention: President
The Stock Exchange of Thailand

Sermasuk Public Company Limited and its subsidiaries (“the Company”) clarify Consolidated Operating Result and Financial Position for three-month period ended December 31, 2021 as the following;

Financial Performance for the three-month period ended December 31, 2021 (Quarter 1/2021-2022)

Revenue from sales and services

Revenue from sales and services of the Company was Baht 2,381 million, slightly decreased by Baht 9 million or 0.4% from the same period of last year due to COVID-19 pandemic remain impact. However, the Company continue to expand sales in traditional channel, wholesales and community store to penetrate our product to customers, which partly help to lessen the impact.

Cost of sales and services

Cost of sales and services of the Company was Baht 1,645 million, increased by Baht 7 million or 0.4% from the same period of last year due to an increase in raw materials and packaging cost. The Company mitigated the impact by increasing of production efficiency.

Distribution costs

Distribution cost of the Company was Baht 597 million, increased by Baht 7 million or 1.2% from the same period of last year due to the investment in “Crystal” brand building to reinforce its leadership of drinking water category with the launch of new marketing campaign “Crystal delivers the fresh experience and standard quality nationwide” campaign by presenting a new PET bottle with 4 designed “Sodchuen-Muanjai-Muansuen-Roirang” to deliver happiness and build trust that wherever the customers are, they would have the best quality drinking water.



Administrative expenses

Administrative expenses of the Company were Baht 155 million, decreased by Baht 7 million or 4.3% from the same period of last year due to implementation of a stringent cost control to improve efficiencies continuously.

Net profit

Net profit of the Company for Q1/2021-2022 was Baht 33 million, which decreased by Baht 22 million or 40.0% from net profit Baht 55 million in the same period of last year. With the main reason from an increase in cost of sales and distribution costs. However, the Company remained profitable during the COVID-19 pandemic.

The Company earnings per share was Baht 0.12, decreased by Baht 0.09 per share compared to earnings per share of Baht 0.21 in the same period of last year with aforementioned reasons.

Financial Position as at December 31, 2021

Assets

Total assets as of December 31, 2021 was Baht 12,661 million, decreased by Baht 121 million or 0.9% compared to total assets at the end of last year as describe below;

Current assets were Baht 2,871 million, decreased by Baht 54 million or 1.8% mainly from a decrease in cash and cash equivalents from cash payment of current liabilities in normal operation.

Non-current assets were Baht 9,790 million, decreased by Baht 67 million or 0.7% mainly due to a decrease in net value of building and equipment from depreciation partly offset by an increase in investment in an associate from profit share.

Liabilities

Total liabilities as of December 31, 2021 was Baht 3,627 million, decreased by Baht 153 million or 4.1% compared to total liabilities at the end of last year as describe below;

Current liabilities were Baht 1,753 million, decreased by Baht 168 million or 8.8% mainly due to a decrease in other payable from cash payment of annual employee expense in this quarter.

Non-current liabilities were Baht 1,874 million, increased by Baht 15 million or 0.8% mainly due to an increase in lease liabilities and provisions for employee's retirement.

Equity

Total equity as of December 31, 2021 was Baht 9,034 million, increased by Baht 33 million or 0.4% from September 30, 2021 mainly from additional net profit for the period of Baht 33 million.



Cash flows

Cash and cash equivalents as at 31 December 2021 were Baht 991 million. The net cash decreased from the beginning of the year Baht 76 million was mainly from cash used in operating activities of Baht 48 million from the payment of annual employee expense in this quarter. The cash used for purchase of machinery and equipment of Baht 40 million to increase operation's efficiency and the payment of lease liabilities of Baht 21 million. Partly offset by dividend and interest received of Baht 32 million. Overall, 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