



LTR.SEA 022/2022

25 February 2022

Subject: Management Discussion and Analysis for year 2021 ended 31 December 2021

Attention: The President

The Stock Exchange of Thailand

Sea Oil Public Company Limited (the “Company”) would like to clarify operating performance of the Company and subsidiaries for year 2021 ended 31 December 2021 below:

Statement of Comprehensive Income (Unit: Million Baht)	Consolidated Financial Statement			Separate financial statement		
	2021	2020	% Increase (Decrease)	2021	2020	% Increase (Decrease)
Revenue from sales, services and rental income	11,340.35	5,274.97	114.98	2,596.10	1,527.13	70.00
Gross Profit	251.01	195.11	28.65	67.85	66.33	2.29
Other Income	13.78	21.85	(36.93)	85.06	217.14	(60.82)
Selling and Administrative Expenses	(271.77)	(255.15)	6.51	(128.34)	(108.97)	17.78
(Reversal of) loss on impairment of financial assets	4.07	(8.71)	(146.70)	2.11	(8.69)	(124.22)
Loss on impairment of investment in a subsidiary	-	-	-	-	(141.31)	(100.00)
Dividend income from investment in a subsidiary- discontinued operations	-	-	-	-	137.35	(100.00)
Loss on impairment of investment in a subsidiary - discontinued operations	-	-	-	-	(111.08)	(100.00)
Gain on disposal of discontinued operations	-	60.73	(100.00)	-	-	-
Financial cost	(20.61)	(28.94)	(28.77)	(15.43)	(27.22)	(43.31)
Share of profit from a joint venture	257.50	40.69	532.89	-	-	-
Net profit from continuing operations	240.03	9.11	2,535.99	13.09	21.18	(38.20)
Net profit from discontinued operations	-	22.43	(100.00)	-	-	-
Net profit for the year	240.03	31.54	661.00	13.09	21.18	(38.20)
Profit (loss) attributable to:						
Owners of the Company	230.95	18.45	1,152.00	13.09	21.18	(38.20)
Non-controlling interests	9.08	13.09	(30.65)	-	-	-



Overview of the Business Operation for year 2021 ended 31 December 2021

Consolidated Financial Statement of the Company and its subsidiaries shows consolidated net profit in a total of 240.03 million baht, increased by 208.49 million baht or 661.00 percent when compared to the previous year, consisting of net profit from equity of company's major owner 230.95 million baht and net profit from equity of non-controlling interests 9.08 million baht. The main causes of the increase of such consolidated net profit are as follows:

Share of profit of joint ventures

The Company and its subsidiaries realized the share of profit of joint ventures from Pan Orient Energy (Siam) Limited of 257.50 million baht, increased by 216.81 million baht or 532.89 percent when compared to the previous year due to the increase of production volume and crude oil price in a global market resulting in growth of revenue from oil production and distribution.

Furthermore, the average of Brent crude oil price in 2021 is 70 USD per barrel, increased by 75 percent when compared to 2020 where the average price is 40 USD per barrel. Additionally, overall production and sales volume have increased when compared to the previous year.

Concerning the announcement of evaluation result of crude oil reserves for Thailand on-shore Concession L53/48 as made by Sproule International Limited in Canada (Sproule). Sproule is an evaluator of crude oil reserves from all sources in L53/48 in Thailand as at 31 December 2021, using evaluation standards which are certified and subject to regulations of Securities Administrators National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities in Canada and the same evaluation standard as those in the past years. The result shows that the reserve oil level is 2P (Proved reserve and probable reserve) in the amount of 4,625,000 barrels, decreased by 3 percent from reserved level 2P (Proved reserve and probable reserve) (4,753,000 barrels as at 31 December 2020). Nonetheless, when compares production volume and distribution of crude oil throughout 2021, both were increased 14 percent or in a total volume 1,018,000 barrels and production ratio of 2,789 barrels per day. Reserved 2P level (Proved reserve and probable reserve) is increased to 890,000 barrels, or increased reserve replacement ratio of 87.43 when compares to annual production rate .

Revenue

The Company and its subsidiaries generated revenue from sale, services and rental at a total of 11,340.35 million baht, increased by 6,065.38 million baht or 114.98 percent when compared to the previous year, which results from higher oil sales volume from expansion of oil export market abroad and expansion of new markets in Asia and Europe as well as the massive rise of oil price in the market when compared the previous year and the surge in income from service provision of Catering & Service because the Company entered into two new projects of Catering Service agreements since July 2020 and one new project starting in October 2021 the increased income from provision supply and sale of food and food ingredients (provision) since January 2021.

Gross Profit

The Company and its subsidiaries generated gross profit of 251.01 million baht, increased by 55.90 million baht or 28.65 percent, when compared to the previous year, which results from higher oil sales volume from expansion of oil export market abroad and expansion of new markets in Asia and Europe as well as the massive rise of oil price in the market. However,



gross profit of business group decreases due to a higher competition in the existing and new market as well as costs of service provision of Catering & Services immensely increases including supply of food ingredients, safety equipment and staff expenses as a result of Covid-19 pandemic crisis.

Expenses

The Company and its subsidiaries incurred selling and administrative expenses of 271.77 million baht, increased by 16.62 million baht or 6.51 percent, when compared to the previous year, because of escalated freight expense and sales force expenses from domestic and foreign market expansion.

Separate financial statement)

The Company generated net profit of 13.09 million baht, decreased by 8.09 million baht or 38.20 percent, when compared to the previous year. The main causes of the decreased net profit are as follows:

Revenue

The Company generated income from sales of 2,362.52 million baht, increased by 955.85 million baht or 67.95 percent, when compared to the previous year, which results from higher oil sales volumes in a new client group and an immense surge of oil price in the market when compared to the previous year.

The Company generated income from Catering & Services of 233.58 million baht, increased by 113.13 million baht or 93.91 percent when compared to the previous year, as a result of the Company's entering into two new projects of Catering Service agreements since July 2020 and one new project starting in October 2021 and the increased income from provision supply and sale of food and food ingredients (provision) since January 2021.

Other Income

The Company generated other income of 85.06 million baht, decreased by 132.07 million baht or 60.82 percent when compared to the previous year, mainly as a result of interest income and dividend income from its subsidiaries abroad.

Dividend Income and Impairment of Investment from Discontinued Operations

The Company acquired dividend income from Living Energy Co., Ltd. of 137.35 million baht. During this year, Living Energy Co., Ltd. had sold all of its subsidiaries as at 31 December 2020. While, its investment value is worth more than the value of its net asset; therefrom, Living Energy Co., Ltd. realized its impairment loss of investment at the amount of 111.08 million baht.

Impairment loss of investments in subsidiaries

The return concerning value of investment in Sea Oil Petrochemical Co., Ltd. is expected to be worth less than the book value of the investment where the Company realized impairment loss of investments of 141.31 million baht.

Statement of Financial Position as of 31 December 2021



Statement of Financial Position (Unit: Million Baht)	Consolidated FS			Separate FS		
	ปี 2564	ปี 2563	% เพิ่ม (ลด)	ปี 2564	ปี 2563	% เพิ่ม (ลด)
Current assets	1,740.82	757.05	129.95	662.42	238.63	177.60
Non-current assets	1,355.78	1,446.47	(6.27)	1,666.83	1,951.66	(14.59)
Total assets	3,096.60	2,203.52	40.53	2,329.25	2,190.29	6.34
Current liabilities	1,369.60	572.41	139.27	634.00	326.62	94.11
Non-current liabilities	49.72	210.44	(76.37)	31.57	208.57	(84.86)
Total liabilities	1,419.32	782.85	81.30	665.57	535.19	24.36
Total owner's equity	1,648.01	1,403.16	17.45	1,663.68	1,655.10	0.52
Non-controlling interests	29.27	17.51	67.21	-	-	-
Total shareholder's equity	1,677.28	1,420.67	18.06	1,663.68	1,655.10	0.52

Assets

The Company and its subsidiaries have total assets of 3,096.60 million baht, increased by 893.08 million baht or 40.53 percent when compared to at the end of 2020, as a result of the increase of current assets of 983.77 million baht or 129.95 percent from the gain of the account receivable and other receivable from increased sales both domestic and abroad in compliance with expansion of oil-trading business.

The decrease of non-current assets is mainly caused by reduction of investment in joint venture from acquiring dividend.

Liabilities

The Company and its subsidiaries have total liabilities of 1,419.32 million baht, increased by 636.47 million baht or 81.30 percent when compared to at the end of 2020, as a result of the increase of current liabilities due to the addition of short-term loans from financial institutions and account payables in compliance with the business growth.

Shareholder's Equity

The Company and its subsidiaries have shareholder's equity of 1,677.28 million baht consisting of equity of company's major owner of 1,648.01 million baht and non-controlling interests of 29.27 million baht. Overall, shareholder's equity grew from the end of 2020 for 256.61 million baht or 18.06 percent, as a result of increased comprehensive profit.

Please be informed accordingly.

Respectfully Yours,

(Ms. Neeracha Panboonhom)
President and Chief Executive Officer