



(Translation)

H.O. 3012/167/2022

May 11, 2022

Subject: Management Discussion and Analysis for the three-month and six-month periods ended March 31, 2022

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 and six-month periods ended March 31, 2022 as the following;

Financial Performance for the three-month period ended March 31, 2022 (Quarter 2/2022)

Revenue from sales and services

Revenue from sales and services of the Company was Baht 2,537 million, increased by Baht 41 million or 1.6% from the same period of last year resulting from the emphasis on sales channel expansion and developing an extensive and efficient distribution network to make our products more accessible to consumers.

Cost of sales and services

Cost of sales and services of the Company was Baht 1,816 million, increased by Baht 85 million or 4.9% from the same period of last year, which increased in higher proportion to sales due to the cost of raw materials and packaging increased according to cost push in the market and also impact of fuel price hike. Nevertheless, the company continues to increase production efficiency to mitigate those impacts.

Distribution costs

Distribution costs of the Company was Baht 611 million, increased by Baht 28 million or 4.8% from the same period of last year. It increases in line with higher sales. In addition, an increase of fuel price impact to higher transportation costs with aforementioned reasons.



Administrative expenses

Administrative expenses of the Company were Baht 176 million, decreased by Baht 19 million or 9.7% 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 Q2/2022 was Baht 21 million, which decreased by Baht 24 million or 53.3% from net profit Baht 45 million in the same period of last year. With the main reason from an increase in cost of sales and distribution costs as mentioned above. However, the Company lessen the impact by continuing to drive sales growth and control operating expenses efficiently.

The Company earnings per share was Baht 0.08, decreased by Baht 0.09 per share compared to earnings per share of Baht 0.17 in the same period of last year with aforementioned reasons.

Financial Performance for the six-month period ended March 31, 2022

Revenue from sales and services

Revenue from sales and services of the Company was Baht 4,918 million, increased by Baht 32 million or 0.7% from the same period of last year due to the economic activities resumed after the relaxation of the government measures. Moreover, the Company has adopted new sales strategy together with developing extensive distribution network to make our products more accessible to consumers.

Cost of sales and services

Cost of sales and services of the Company was Baht 3,461 million, increased by Baht 93 million or 2.8% from the same period of last year due to an increase in raw materials and packaging cost. In addition, the Company mitigated the impact by increasing of production efficiency and implement of raw materials and packaging cost control.

Distribution costs

Distribution costs of the Company was Baht 1,208 million, increased by Baht 34 million or 2.9% from the same period of last year. It increases in line with higher sales and higher fuel price. Moreover, the Company continues to invest in “Crystal” brand building by launching marketing and promotion campaigns to strengthen Crystal market leadership position.

Administrative expenses

Administrative expenses of the Company were Baht 331 million, decreased by Baht 26 million or 7.3% 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 six-month period was Baht 53 million, which decreased by Baht 47 million or 47.0% from net profit Baht 100 million in the same period of last year. With the main reason from an increase in cost of sales and distribution costs as mentioned above. Nevertheless, the Company remained profitable amidst the COVID-19 on top with cost push and fuel price surge situations.

The Company earnings per share was Baht 0.20, decreased by Baht 0.18 per share compared to earnings per share of Baht 0.38 in the same period of last year with aforementioned reasons.

Financial Position as at March 31, 2022

Assets

Total assets as of March 31, 2022 was Baht 12,720 million, decreased by Baht 62 million or 0.5% compared to total assets at the end of last year as describe below;

Current assets were Baht 3,017 million, increased by Baht 92 million or 3.1% mainly from an increase in trade account receivable due to sales expansion in the end of second quarter to serve the higher customer demand from the sign of economic recovery. Partly offset by a decrease in cash and cash equivalents from the dividend payment.

Non-current assets were Baht 9,703 million, decreased by Baht 154 million or 1.6% 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 March 31, 2022 was Baht 3,758 million, decreased by Baht 23 million or 0.6% compared to total liabilities at the end of last year as describe below;

Current liabilities were Baht 1,938 million, increased by Baht 16 million or 0.8% mainly due to an increase in trade account payable from the purchase of raw materials and packaging to serve the demand during summer.

Non-current liabilities were Baht 1,820 million, decreased by Baht 39 million or 2.1% mainly from the payment of employee's retirement benefits in this quarter.

Equity

Total equity as of March 31, 2022 was Baht 8,962 million, decreased by Baht 39 million or 0.4% from September 30, 2021 mainly from dividend payment of Baht 90 million partly offset by additional net profit for the period of Baht 53 million.



Cash flows

Cash and cash equivalents as at 31 March 2022 were Baht 989 million. The net cash decreased from the beginning of the year Baht 79 million was mainly from dividend payment of Baht 90 million, cash used for purchase of machinery and equipment of Baht 92 million to increase operation's efficiency and the payment of lease liabilities of Baht 46 million. Cash increased from operating activities of Baht 104 million and investing activities of Baht 32 million. Overall, the Company has a strong financial position with high liquidity and remain no interest-bearing debt.

Please be informed accordingly.

Yours sincerely,

(Kosit Suksingha)
President