



LTR.SEA 105/2022

11 August 2022

Subject: Management Discussion and Analysis for Quarter 2 ended 30 June 2022

ATTN: The Director and Manager

The Stock Exchange of Thailand

Sea Oil Public Company Limited (the "Company") would like to clarify operating results of the Company and subsidiaries for Quarter 2 ended 30 June 2022 as follow:

Unit: Million Baht

Statement of Comprehensive Income (Unit: Million Baht)	For Quarter 2			For 6 months period		
	2022	2021	% Increase / (Decrease)	2022	2021	% Increase / (Decrease)
Revenue from sales and services	6,049.14	2,381.07	154.05	10,421.61	4,610.26	126.05
Gross Profit	48.62	66.23	(26.59)	116.21	119.86	(3.04)
Other Income	4.66	3.07	51.95	9.62	6.43	49.63
Selling and Administrative Expenses	(109.66)	(65.90)	66.40	(190.40)	(122.58)	55.32
Loss on Reversal impairment of financial assets	1.99	(3.37)	(159.10)	6.24	(7.39)	(184.53)
Other gains (losses), net	62.02	3.35	1,749.22	71.06	3.68	1,829.36
Finance costs	(5.42)	(5.01)	8.34	(9.38)	(9.79)	(4.27)
Share of profit from a joint venture	150.68	53.57	181.28	251.80	86.38	191.51
Profit for the period	155.99	42.57	266.39	259.27	57.45	351.32
Profit (loss) attributable to:						
Owners of the Company	152.76	40.95	273.04	253.33	55.02	360.46
Non-controlling interests	3.23	1.62	98.81	5.94	2.43	144.37

Overview of the Business Operation of Quarter 2 ended 30 June 2022

The Statement of Comprehensive Income of the Company and its subsidiaries had a net profit of Baht 155.99 million, an increased by 113.42 million or 266.39%, compared to the same quarter of the previous year which consisted of the net profit of owners of the Company of Baht 152.76 million and net profit of non-controlling interests of Baht 3.23 million. The main reasons were as follows:

Share of Profit from a Joint Venture

The Company and its subsidiaries recognized share of profit from the joint venture, Pan Orient Energy (Siam) Limited, of Baht 150.68 million, increased by 181.28 % compared to the same quarter of the previous year. Due to the continual increase in world crude oil price which causes an increase in revenue from crude oil sales.

Revenue

The Company and its subsidiaries had Total revenue from sales and services income of Baht 6,049.14 million, increased by 154.05 %, compared to the same quarter of the previous year, as mainly resulting from the increase of oil trading revenue. The increase in oil trading revenue resulted from a continually increased in oil price, including an oil trading volume increase 27% compared to the same quarter of the previous year, mainly from international customers and income from Catering & Services increased 38.20% compared to the same quarter of the previous year due to the Company receive Catering service contract and income of provision supply services.

Gross profit

The Company and its subsidiaries had a Total Gross profit of Baht 48.62 million, decreased by 26.59%, compared to the same quarter of the previous year, and the gross margin decreased compared to the same quarter of the previous year because oil trading business in foreign countries due to price competition in order to increase market share from international customers including services cost of Catering & Services which highly increases whether the cost of goods sold, protection equipment and increase of employees expense due to Covid-19 situation.

Selling and Administrative Expenses

The Company and its subsidiaries had selling and administrative expenses of Baht 109.66 million increased 66.40% compared to the same quarter of the previous year mainly from sales staff, marketing expenses, and freight expenses in the oil trading business both domestic and international increased, including employees expense and business expansion.

Other gains (losses), net

The Company and its subsidiaries had Other gains, net of Baht 62.02 million increased 1,749.22 % compared to the same quarter of the previous year because of profit from oil derivatives of subsidiary companies.

Overview of the Business Operation for 6 months period ended 30 June 2022

The Statement of Comprehensive Income of the Company and its subsidiaries had a net profit of Baht 259.27 million, increased by 201.82 million or 351.32%, compared to the same quarter of the previous year which consisted of the net profit of owners of the Company of Baht 253.33 million and net profit of non-controlling interests at the of Baht 5.94 million. The main causes were as follows:

Share of Profit from a Joint Venture

The Company and its subsidiaries recognized share of profit from the joint venture, Pan Orient Energy (Siam) Limited, of Baht 251.80 million, increased by 191.51% compared to the same quarter of the previous year. Due to the continual increase in world crude oil price which causes an increase in profit from trading crude oil.

Revenue

The Company and its subsidiaries had Total revenue from sales and services of Baht 10,421.61 million , or increased by 126.05 %, compared to the same quarter of the previous year, as mainly resulting from the increase in oil trading revenue. The increase in oil trading revenue resulted from a continually increased in oil price, including an oil trading volume increase mainly from international customers while income from Catering & Services increased due to the Company receiving Catering service contracts and income of provision supply services..

Gross profit

The Company and its subsidiaries had a Total Gross profit of Baht 116.21 million, decreasing 3.04 % compared to the same quarter of the previous year due to a decrease of gross margin because oil trading business in foreign countries due to price competition in order to increase market share from international customers including cost of Catering & Services which highly increases whether the Cost of goods sold, protection equipment and increase of employees expense due to Covid-19 situation.

Other gains (losses), net

The Company and its subsidiaries had Other gains (losses), net of Baht 71.06 million increased by 1,829.36% compared to the same quarter of the previous year because of profit from oil derivatives from subsidiary companies in foreign countries.

Selling and Administrative Expenses

The Company and its subsidiaries had selling and administrative expenses of Baht 190.40 million increased by 55.32% compared to the same quarter of the previous year mainly from sales staff expenses, marketing expenses, and freight expenses in the oil trading business both domestic and international increased, including employees expense for business expansion.

Statement of Financial Position

Statement of Financial Position (Unit: Million Baht)	Consolidated FS		
	30 June 2022	31 December 2021	% Increase / (Decrease)
Current assets	3,012.53	1,740.82	73.05
Non-current assets	1,284.23	1,355.78	(5.28)
Total assets	4,296.76	3,096.60	38.76
Current liabilities	2,326.34	1,369.60	69.86
Non-current liabilities	43.48	49.72	(12.55)
Total liabilities	2,369.82	1,419.32	66.97
Equity attributable to owners of the Company	1,905.46	1,648.01	15.62
Non-controlling interests	21.48	29.27	(26.63)
Total Owner's Equity	1,926.94	1,677.28	14.88

Assets

The Company and its subsidiaries had total assets of Baht 4,296.76 million, increasing by 1,200.16 million or 38.76% compared to ended of year 2021, due to an increase of Current assets at the amount of 1,271.71 million or 73.05%, from increasing of Trade and other receivables and cash.

Liabilities

The Company and its subsidiaries had total liabilities of Bah 2,369.82 million, increased by 950.50 million or 66.97% compared to ended of year 2021 due to an increase in Current liabilities from increasing in Trade payables accord with a growing business.

Shareholders' Equity

The shareholders' equity of the Company and its subsidiaries of Baht 1,926.94 million, consisting of the owners of the company of 1,905.46 million and non-controlling interests of 21.48 million. The total shareholders' equity increased from ended of 2021 to 249.66 million or 14.88% from the total increased comprehensive income of the period.

Please be informed accordingly,

Sincerely Yours,

(Miss Neeracha Panboonhom)
President and Chief Executive Officer