



(Translation)

H.O. 3012/255/2022

November 16, 2022

Subject: Management Discussion and Analysis for the year ended September 30, 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 year ended September 30, 2022 as the following;

Financial Performance for the Fiscal Year 2022

Revenue from sales and services

Revenue from sales and services of the Company was Baht 10,905 million, increased by Baht 1,287 million or 13.4% from the same period of last year from sales growth resulting from the improvement of domestic consumption and gradual recovery in tourism sector. Moreover, the Company has emphasis on sales channel expansion including developing an extensive and efficient distribution network to capture an increase in consumer demand.

Cost of sales and services

Cost of sales and services of the Company was Baht 7,824 million, increased by Baht 1,180 million or 17.8% from the same period of last year, which increased in higher proportion to sales due to the cost of raw materials and packaging increased. Nevertheless, the Company continues to implement cost saving in raw materials and packaging cost including improvement in production efficiency to mitigate those impact.

Distribution costs

Distribution costs of the Company was Baht 2,560 million, increased by Baht 209 million or 8.9% from the same period of last year. The transportation costs increased in line with higher sales growth and impact of higher fuel price. Moreover, the Company continues to launch promotion activities to boost sales and invest in “Crystal” brand building, which enable “Crystal” to reinforced its sustainable leadership of drinking water market.



Administrative expenses

Administrative expenses of the Company were Baht 657 million, decreased by Baht 79 million or 10.7% 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 was Baht 13 million, which decreased by Baht 70 million or 84.3% from net profit Baht 83 million in the same period of last year. Mainly from an increase in income tax expense related to the utilization of deferred tax assets of Baht 67 million. By excluding income tax expenses as mentioned above, the Company had normalized net profit of Baht 169 million, which slightly decreased by Baht 4 million or 2.3% as compared to normalized net profit of Baht 173 million in the same period of last year. The Company continues to drive sales growth and control operating expenses efficiently to remained profitable amidst the cost push inflation situation.

The Company earnings per share was Baht 0.05, decreased by Baht 0.26 per share compared to earnings per share of Baht 0.31 in the same period of last year. By excluding non-recurring item as mentioned above, the Company had earnings per share of Baht 0.64, slightly decreased by Baht 0.01 per share compared to earnings per share of Baht 0.65 in the same period of last year with aforementioned reasons.

Financial Position as at September 30, 2022

Assets

Total assets as of September 30, 2022 was Baht 13,671 million, increased by Baht 889 million or 7.0% compared to total assets at the end of last year as describe below;

Current assets were Baht 3,507 million, increased by Baht 582 million or 19.9% mainly from an increase in cash and cash equivalents from operating activities and an increase in trade accounts receivable due to higher sales.

Non-current assets were Baht 10,164 million, increased by Baht 307 million or 3.1% mainly from an increase in land value from fair value measurement and an increase in investment in an associate from profit share partly offset by a decrease in net value of building and equipment from depreciation.

Liabilities

Total liabilities as of September 30, 2022 was Baht 4,356 million, increased by Baht 575 million or 15.2% compared to total liabilities at the end of last year as describe below;

Current liabilities were Baht 2,294 million, increased by Baht 372 million or 19.4% mainly due to an increase in trade accounts payable from the purchase of raw materials and packaging to serve sales expansion.



Non-current liabilities were Baht 2,062 million, increased by Baht 203 million or 10.9%, Mainly from an increase in deferred tax liabilities related to fair value measurement of land partly offset by a decrease in provisions from employee's retirement benefit from the payment during the year.

Equity

Total equity as of September 30, 2022 was Baht 9,315 million, increased by Baht 314 million or 3.5% from September 30, 2021 resulting from additional net profit for the year of Baht 13 million, gain on remeasurements of defined benefit plans of Baht 60 million and an increase in land value from fair value measurement of Baht 332 million partly offset by dividend payment of Baht 90 million.

Cash flows

Cash and cash equivalents as at 30 September 2022 were Baht 1,321 million. The net cash increased from the beginning of the year Baht 254 million was mainly from cash received from operating activities of Baht 567 million, dividend and interest received of Baht 73 million partly offset by cash used for purchase of machinery and equipment of Baht 225 million to increase operation's efficiency, the payment of lease liabilities of Baht 94 million and dividend payment of Baht 90 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