



(Translation)

H.O. 3012/255/2023

August 9, 2023

Subject: Management Discussion and Analysis for the three-month and nine-month periods ended June 30, 2023

Attention: President
The Stock Exchange of Thailand

Sermsuk Public Company Limited and its subsidiaries (“the Company”) clarify Consolidated Operating Result and Financial Position for three-month and nine-month periods ended June 30, 2023 as the following;

Financial Performance for the three-month period ended June 30, 2023 (Quarter 3/2023)

Revenue from sales and services

Revenue from sales and services of the Company was Baht 3,412 million, increased by Baht 476 million or 16.2% from the same period of last year led by est and Crystal in both traditional trade and modern trade channels. This is the result of consistency of driving sales and enhancing the efficiency of the distribution network. Additionally, the rebranding of brand “est” has been receiving positive feedback from consumers, contributing to the increase in “est” sales significantly.

Cost of sales and services

Cost of sales and services of the Company was Baht 2,444 million, increased by Baht 316 million or 14.8% which increased in lower proportion to sales. As a result of continuous production efficiency improvements. Moreover, the company continues to focus on managing the procurement of raw materials and packaging to obtain lower cost and increase efficiencies.

Distribution costs

Distribution costs of the Company was Baht 791 million, increased by Baht 108 million or 15.8% from an increase in the transportation costs, in line with higher sales growth and an increase in marketing and sales promotion expenses to drive sales during the summer season.



Administrative expenses

Administrative expenses of the Company were Baht 186 million, increased by Baht 12 million or 6.9% from the same period of last year due to the increase in operating expenses to support sales growth.

Net profit

Net profit of the Company for Q3/2023 was Baht 66 million, increased by Baht 28 million or 73.7% from the same period of last year at Baht 38 million. The main reasons were the increase in sales and higher efficiency in cost management.

The Company earnings per share was Baht 0.25, increased by Baht 0.11 per share compared to earnings per share of Baht 0.14 in the same period of last year with aforementioned reasons.

Financial Performance for the nine-month period ended June 30, 2023 (Quarter 3/2023)

Revenue from sales and services

Revenue from sales and services of the Company was Baht 9,225 million, increased by Baht 1,370 million or 17.4% from the same period of last year. The main reason was the sales growth of est and Crystal due to the consistent expansion of the Thai economy, driven by tourism and private consumptions with the improve consumer purchasing power. Additionally, a major rebranding of “est” to capture the consumer’s need has received positive feedback from consumers. The rebranding helps drive the continuous sales growth of “est”. Moreover, the Company continues to drive sales through distribution system expansion to gain customer base. As a result, sales continue to grow in both traditional trade and modern trade channels.

Cost of sales and services

Cost of sales and services of the Company was Baht 6,662 million, increased by Baht 1,073 million or 19.2% which increased in higher proportion to sales due to an increase in cost of raw materials and packaging compared to the same period of last year. Nevertheless, the Company continues to improve production efficiency to mitigate those impact.

Distribution costs

Distribution costs of the Company was Baht 2,152 million, increased by Baht 261 million or 13.8% from an increase in the transportation costs, in line with higher sales growth and impact of higher fuel price compared to the same period of last year. In addition, there is an increase in marketing and sales promotion expenses to support sales growth.



Administrative expenses

Administrative expenses of the Company were Baht 506 million, increased by Baht 1 million or 0.2%, an insignificant change from the same period of last year.

Net profit

Net profit of the Company for nine-month period was Baht 157 million, increased by Baht 66 million or 72.5% from net profit of Baht 91 million in the same period of last year. The main reasons from the continuous sales growth, together with efficient control of raw material costs, packaging and a stringent cost control to improve efficiencies continuously.

The Company earnings per share was Baht 0.59, increased by Baht 0.25 per share compared to earnings per share of Baht 0.34 in the same period of last year with aforementioned reasons.

Financial Position as at June 30, 2023

Assets

Total assets as of June 30, 2023 was Baht 14,043 million, increased by Baht 372 million or 2.7% compared to total assets at the end of last year as describe below;

Current assets were Baht 4,031 million, increased by Baht 524 million or 14.9% mainly from an increase in accounts receivable due to higher sales and an increase in cash and cash equivalents from operating activities.

Non-current assets were Baht 10,012 million, decreased by Baht 152 million or 1.5% mainly from a decrease in net value of building and equipment from depreciation partly offset by an increase in investment in an associate due to increase of profit sharing.

Liabilities

Total liabilities as of June 30, 2023 was Baht 4,658 million, increased by Baht 302 million or 6.9% compared to total liabilities at the end of last year as describe below;

Current liabilities were Baht 2,640 million, increased by Baht 346 million or 15.1% mainly due to an increase in operating liabilities from the purchase of inventory to serve sales expansion.

Non-current liabilities were Baht 2,018 million, decreased by Baht 44 million or 2.1% mainly from a decrease in provision for employee's retirement benefits and lease liabilities from payment.

Equity

Total equity as of June 30, 2023 was Baht 9,385 million, increased by Baht 70 million or 0.8% from September 30, 2022 mainly from additional net profit during the period of Baht 157 million and gain on investments in equity instruments designated at fair value through other comprehensive income partly offset by dividend payment of Baht 90 million.



Cash flows

Cash and cash equivalents as at 30 June 2023 were Baht 2,077 million. The net cash increased from the beginning of the year Baht 756 million was mainly from cash received from sale of mutual fund of Baht 600 million, cash received from operating activities of Baht 428 million, dividend and interest received of Baht 88 million partly offset by cash used for purchase of machinery and equipment of Baht 221 million to increase operation's efficiency, dividend payment of Baht 90 million and the payment of lease liabilities of Baht 74 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