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H.O. 3012/273/2023

November 15, 2023

Subject: Management Discussion and Analysis for the year ended September 30, 2023

Attention: President  
The Stock Exchange of Thailand

Sermasuk Public Company Limited and its subsidiaries (“the Company”) clarify Consolidated Operating Result and Financial Position for the year ended September 30, 2023 as the following;

### **Financial Performance for the Fiscal year 2023**

#### **Revenue from sales and services**

Revenue from sales and services of the Company was Baht 12,371 million, increased by Baht 1,466 million or 13.4% from the same period of last year. The main reason for this was the sales growth of est and Crystal. Sales drive and distribution expansion have resulted in continuous growth in both traditional and modern trade. Furthermore, there has been a major rebranding of “est” this year, featuring a new appearance and packaging design, together with the launch of “Born to be Awesome” campaign. The favorable response to this campaign has boost “est” sales to grow higher than overall growth of carbonated beverage market and gained market share.

#### **Cost of sales and services**

Cost of sales and services of the Company was Baht 8,870 million, increased by Baht 1,047 million or 13.4% which is in line with the increase in sales. 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 2,875 million, increased by Baht 315 million or 12.3% 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, the Company continues to invest in “Crystal” brand building. This year, “Crystal” has launched a new campaign “Think Clear, Drink Crystal” aiming to elevate its position in the drinking water market and strengthening the identity of its product. This is achieved through the creation of packaging labels accompanied by water-inspired music, intended to



enhance freshness and provide a relaxing atmosphere. The response from consumers has been positive, helping “Crystal” maintain its sustainable leadership in drinking water market.

#### **Administrative expenses**

Administrative expenses of the Company were Baht 691 million, increased by Baht 33 million or 5.1% 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 was Baht 248 million, increased by Baht 235 million or 1,858.7% from the net profit Baht 13 million in the same period of last year. The main reasons are from the continuous sales growth, together with efficient control of raw material costs and packaging. However, when excluding income tax expense related to the utilization of deferred tax assets of Baht 35 million, the Company had normalized net profit of Baht 283 million. An increase of Baht 114 million or 67.5% as compared to normalized net profit of Baht 169 million in the same period of last year.

The Company earnings per share was Baht 0.93, increased by Baht 0.88 per share compared to earnings per share of Baht 0.05 in the same period of last year. By excluding non-recurring item as mentioned above, the Company had earnings per share of Baht 1.07, increased by Baht 0.43 per share compared to earnings per share of Baht 0.64 in the same period of last year with aforementioned reasons.

#### **Financial Position as at September 30, 2023**

##### **Assets**

Total assets as of September 30, 2023 was Baht 14,080 million, increased by Baht 409 million or 3.0% compared to total assets at the end of last year as describe below;

Current assets were Baht 4,033 million, increased by Baht 526 million or 15.0% mainly from an increase in cash and cash equivalents from operating activities, as well as an increase in accounts receivable and inventory to align with sales growth.

Non-current assets were Baht 10,047 million, decreased by Baht 117 million or 1.2% 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 September 30, 2023 was Baht 4,527 million, increased by Baht 171 million or 3.9% compared to total liabilities at the end of last year as describe below;

Current liabilities were Baht 2,428 million, increased by Baht 134 million or 5.8% mainly due to an increase in operating liabilities to serve sales expansion.



Non-current liabilities were Baht 2,099 million, increased by Baht 37 million or 1.8% mainly from an increase in deferred tax liabilities from the utilization of deferred tax assets partly offset by a decrease in lease liabilities and provision from employee's retirement benefits.

### **Equity**

Total equity as of September 30, 2023 was Baht 9,553 million, increased by Baht 238 million or 2.6% from September 30, 2022 mainly from additional net profit for the year of Baht 248 million and the reversal of dividends payable to shareholders not entitled to receive dividends of Baht 72 million, which was transferred to retained earnings partly offset by dividend payment of Baht 90 million.

### **Cash flows**

Cash and cash equivalents as at 30 September 2023 were Baht 2,298 million. The net cash increased from the beginning of the year Baht 977 million was mainly from cash received from operating activities of Baht 719 million, cash received from the sales of mutual fund of Baht 600 million, dividend and interest received of Baht 94 million. Partly offset by cash used for purchase of machinery and equipment of Baht 279 million to increase operation's efficiency, the payment of lease liabilities of Baht 103 million and dividend payment of Baht 90 million. Overall, the Company has a strong financial position with high liquidity and has no interest-bearing debt.

Please be informed accordingly.

Yours sincerely,

(Kosit Suksingha)

President