



(Translation)

H.O. 3012/220/2022

August 11, 2022

Subject: Management Discussion and Analysis for the three-month and nine-month periods ended June 30, 2022

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, 2022 as the following;

Financial Performance for the three-month period ended June 30, 2022 (Quarter 3/2022)

Revenue from sales and services

Revenue from sales and services of the Company was Baht 2,963 million, increased by Baht 377 million or 14.7% from the same period of last year resulting from the increase of sales in restaurant and hotel channels since Thailand reopened its borders to stimulate the economy after the covid situation has eased. Moreover, the Company has emphasis on sales channel expansion including, developing an extensive and efficient distribution network to support domestic consumption expansion and tourism recovery.

Cost of sales and services

Cost of sales and services of the Company was Baht 2,128 million, increased by Baht 359 million or 20.3% 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. Nevertheless, the company continues to increase production efficiency to mitigate those impacts.

Distribution costs

Distribution costs of the Company was Baht 683 million, increased by Baht 67 million or 10.9% from the same period of last year. The transportation costs increased in line with sales growth and impact of higher fuel price, including the promotion activities to boost sales in food service and restaurant channel.



Administrative expenses

Administrative expenses of the Company were Baht 174 million, decreased by Baht 63 million or 26.6% from the same period of last year due to the implementation of stringent cost control to improve efficiencies continuously.

Net profit

Net profit of the Company for Q3/2022 was Baht 38 million, which increased by Baht 4 million or 11.8% from net profit Baht 34 million in the same period of last year. With the main reason from revenues growth partly offset by an increase in cost of sales and distribution costs. However, the Company lessen impact of higher raw materials and packaging cost by continuing to drive sales growth and control operating expenses efficiently.

The Company earnings per share was Baht 0.14, increased by Baht 0.01 per share compared to earnings per share of Baht 0.13 in the same period of last year with aforementioned reasons.

Financial Performance for the nine-month period ended June 30, 2022

Revenue from sales and services

Revenue from sales and services of the Company was Baht 7,855 million, increased by Baht 410 million or 5.5% from the same period of last year resulting from the easing of the COVID-19 control measures which enables economic activities to start normalizing. Moreover, the Company has emphasis on sales execution and extensive distribution network development to make our products more accessible to consumers.

Cost of sales and services

Cost of sales and services of the Company was Baht 5,589 million, increased by Baht 451 million or 8.8% 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 1,891 million, increased by Baht 102 million or 5.7% from the same period of last year. It increases in line with higher sales and higher fuel price. Moreover, the Company continues to launch marketing and promotion activities to boost sales.



Administrative expenses

Administrative expenses of the Company were Baht 505 million, decreased by Baht 90 million or 15.1% 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 nine-month period was Baht 91 million, which decreased by Baht 43 million or 32.1% from net profit Baht 134 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 inflation situations.

The Company earnings per share was Baht 0.34, decreased by Baht 0.16 per share compared to earnings per share of Baht 0.50 in the same period of last year with aforementioned reasons.

Financial Position as at June 30, 2022

Assets

Total assets as of June 30, 2022 was Baht 13,121 million, increased by Baht 339 million or 2.7% compared to total assets at the end of last year as describe below;

Current assets were Baht 3,379 million, increased by Baht 454 million or 15.5% mainly from an increase in cash and cash equivalents from operating activities and increase in trade accounts receivable due to higher sales.

Non-current assets were Baht 9,742 million, decreased by Baht 115 million or 1.2% 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 June 30, 2022 was Baht 4,121 million, increased by Baht 340 million or 9.0% compared to total liabilities at the end of last year as describe below;

Current liabilities were Baht 2,264 million, increased by Baht 342 million or 17.8% 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 1,857 million, decreased by Baht 2 million or 0.1%, which is insignificant change from September 30, 2021. Our financial position remains strong with debt-free status as of June 30, 2022.



Equity

Total equity as of June 30, 2022 was Baht 9,000 million, decreased by Baht 1 million or 0.01% from September 30, 2021 mainly from dividend payment partly offset by additional net profit for the period.

Cash flows

Cash and cash equivalents as at 30 June 2022 were Baht 1,254 million. The net cash increased from the beginning of the year Baht 187 million was mainly from cash received from operating activities of Baht 393 million, dividend and interest received of Baht 73 million partly offset by cash used for purchase of machinery and equipment of Baht 139 million to increase operation's efficiency, dividend payment of Baht 90 million, and the payment of lease liabilities of Baht 68 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