



Annual Report / Form 56-1 One Report



**Thank you, Sappe Players
for all your hard work in 2021!**

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Message from Chairman and Chief Executive Officer



The year 2021 was the second year of the COVID-19 outbreak which countries around the world, including Thailand, must deal with and adjust to the tremendous changes as a result of the pandemic crisis in all dimensions. As for Sappe, we have learned from and handled it, and rejigged our business for various challenges. The adjustment was carried out along with taking care of our employees, communities and society with utmost efforts in order to help all Sappe players overcome the crisis together.

While the past several years were “challenging years,” the year 2021 was tougher as we not only had to deliver the goods to customers and keep our products available in the market, but also join hands with our key players including employees, customers, business partners, stakeholders, communities and society members to safely get through. Thus, adhering to COVID-19 health protocols and taking care of employees’ livelihood was the paramount mission to keep Sappe members safe and ready to create splendid products for our customers. We can assure that all Sappe products delivered to consumers are of high quality with maximum safety.

With the innovative spirit of the Sappe players who intend to create quality products to better consumers’ lives amid this difficult time, the company was able to get through another challenging year. We distributed products with more access to match customers’ lifestyle and created new channels of distribution in the foreign markets, particularly in Asia, the United States, Europe and the Middle East with O2O strategy, or Online to Offline Marketing. This model is a combination of online marketing and both online and offline marketing to suit the rapid change in the sale markets. Consequently, the purchasing power in the foreign markets has bounced back, thanks to economic recovery during the yearend period when the pandemic situation in many countries gradually improved. We also made major adjustments in the domestic market. The lockdown measures were a stimulus, which led us to the online market involving communication and distributing channels through the marketplace platform or Sappe online. Regarding the business performance this year, 12 product brands under Sappe were exported to 98 countries worldwide with total income at 3,712.8 million baht, growing 11.8 %, total sales at 3,444.2 million baht, with a proportion of domestic sales at 35% and international sales at 65%.

The key strategy that led Sappe to a great achievement this year is the “Innovation Strategy” of three pillars which are In-house Innovation, Business Partnership and Inno Studio. The three important parts have been implemented to strengthen our business through the years. In-house innovation is known as creations of innovative products from internal players and are developed to become the best items for the markets. In 2021, we launched several smashing SKUs in the beverage market, such as Sappe Beauti Drink Green Relaxing Calm, Beauti Colla-C, Beauti Immu-C and Beauti Booster in the vitamin water category as well as herbal functional shot Ruby Lady which was invented for women during menstruation. The second part of the Innovation Strategy is Business Partnership which is business collaborations between Sappe and potential partners to co-create innovative products. We introduced fine products with our great partners this year, beginning with Kru Pensri chewing candy under a collaboration with Thailand’s leading entertainment business company, Workpoint. Another key partnership is a cross-business collaboration with the legendary Hatakabb brand, resulting in a cough-relief functional shot, Sappe x Takabb which received overwhelming excitement from the market. However, the most remarkable deal of the year was the acquisition of shares in M Intelligence Co., Ltd. (M-Intel), a Thai startup tech company with the aim to become Asia-Pacific’s leading marketing technology advisor. The third part of the Innovation Strategy is Inno Studio, a team which is open to new ideas and connects them with local goodness, SMEs and external innovations. This year, we provided research funds to Srinakharinwirot University and Rajamangala University of Technology Thanyaburi. Additionally, Sappe signed a Memorandum of Agreement to promote hemp cultivation with Thai Hemp Wellness Co., Ltd. to prepare for the hemp trend, and produced “Sappe Together” aloe vera hand sanitizer, which is an output from quality material from Thai farmers.

Thanks to our good governance, fairness, honesty and transparency and responsibility to all stakeholders, Sappe received a certificate to become a member of the Thai Private Sector Collective Action Against Corruption (CAC) at the 11th Thailand National Conference on Collective Action Against Corruption organized by the Thai Institute of Directors (IOD).

On the social front, Sappe not only looked after all employees to keep them safe and have good quality of life, but also the communities. In the past year, Sappe’s CSR team visited more than 100 places to provide products for medical staff and suffering people in various communities. Around 700,000 bottles of Sappe drinks worth 14 million baht were urgently distributed to those in need. In addition, 1,000 relief packages were directly handed to the homeless people in the Ratchadamnoen, Hua Lamphong and Klong Toey areas. The company also gave medical equipment to 7 hospitals around the factory, covering 3 provinces — Pathum Thani, Nakhon Nayok and Chachoengsao. Apart from products and equipment, Sappe also donated around 40 tons of unused paper boxes from our production to SCG Packaging (SCGP) to make recycled paper beds and Thailand Post’s “reBox” campaign to produce surgical masks. The donated paper boxes for SCGP were taken into production, resulting in 600 beds while the paper boxes for the reBox and Box Boon (merit box) campaigns were turned into fund for mask production before being distributed to the hospitals.

On the environmental side, Sappe emphasizes on the environmental impact that affects sustainability. We, therefore, run our business by using natural resources for maximum benefit and implementing systematic management of water, garbage and pollution. More importantly, we allocated a 45-million-baht budget to install solar roofs this year and it was the first year we began using clean energy. The environmental management project is one of Sappe’s pride as it is capable of reducing electricity cost by at least 10 million baht and helping significantly cut CO2 emission from the production of power plants around at 1.6 million kilograms, or equivalent to CO2 absorption by 35,000 big trees per year.

“We better people’s lives through our innovative spirit,” this determination is the key to lead us to running the business and sustainably creating value for all stakeholders in all dimensions — Environment, Social and Governance (ESG). As mentioned earlier, we are determined to move along the direction of greater sustainability. And above all for the year 2021, on behalf of the chairman, chief executive officer and Sappe executives, we would like to thank the company staff who unitedly fight with no retreat. We would like to extend our sincere gratitude to our customers, shareholders, business partners and all groups of stakeholders who still have confidence in and constantly support Sappe. Although this pandemic crisis is more severe and lasts longer than any other, it has been proven that we can overcome all difficulties...Sappe together.



Mr. Natee Onin

Chairman of The Board of Directors



Ms. Piyajit Ruckariyapong

Director, Executive Committee, and CEO

WE BETTER PEOPLE'S LIVES THROUGH OUR INNOVATIVE SPIRIT

Vision



“Becoming the preferred and trusted global brand driven by a team of passionate and synergistic top talents passionately working happily together in a dynamically innovative workplace.”



Mission



“To be an inspiring Thai model organization delivering superior choices of food and beverages to better people’s lives.”

Business Overview



Thailand's leading innovative beverage brand, has been running business with a strong determination that "We better people's lives through our innovative spirit," brings innovations to drive the organization to become a creative, energetic and fun company which can be seen through the company's products and corporate culture. Sappe now has 12 quality product brands in 5 categories which make the company the leader in Thailand's functional drink market under the Sappe Beauti Drink brand for a long time. The company has products made from raw materials from Thai farmers under the Mogu Mogu, Sappe Aloe Vera and All Coco brands which are available in 98 countries with the main goal to make this Thai brand, Sappe become a global brand.



HOME OF INNOVATORS - PLAYGROUND FOR INNOVATORS



Fun
Innovators

+

PASSIONATE
TWIST
TO LIFE

=

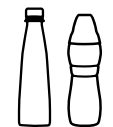


Endless Innovations



5

Product
Categories



12

Product
Brands



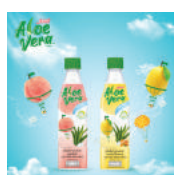
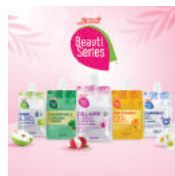
98

Countries
Worldwide



No.1

Functional Drink Leader
in Thailand



Standards and memberships



ECONOMIC PERFORMANCE

Total sales in
 **2021**

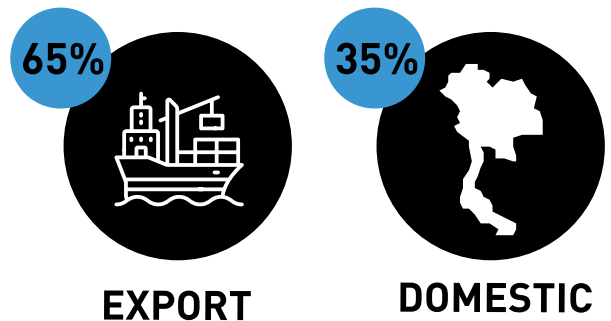
Total income
3,712.8
million baht

Growth
11.8%

TOP 3 BRANDS

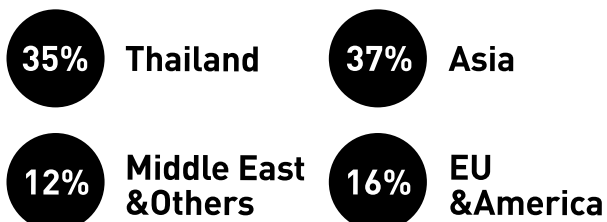


SALES BY LOCATION

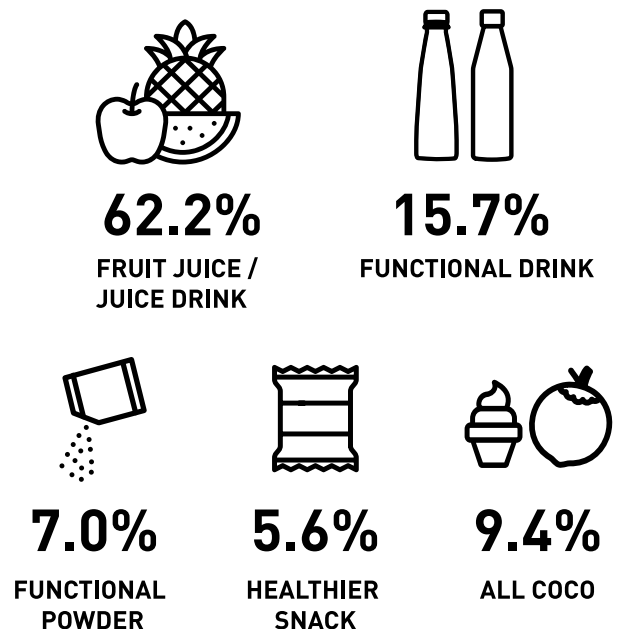


SALES BY REGION

>98 COUNTRIES TERRITORIES



SALES BY PRODUCT CATEGORY



SIGNIFICANT CHANGES AND DEVELOPMENTS IN 2021

26

New Products

FEBRUARY

1. Mogu Mogu Watermelon Flavoured Drink with Nata de Coco
2. Gumi Gumi Jelly Carrageenan with Konjac Powder & Vitamin C Orange Flavor

MARCH

3. B'lue Infused Vitamin Water C200% Peach Flavor

APRIL

4. B'lue Infused Vitamin Water C200% Green Apple Flavor
5. Gumi Gumi in Korean Peach Flavor with Nata de Coco

MAY

6. Beauti Drink Green Relaxing Calm

JULY

7. Kru Pensri Spicy Maxx Candy (salty chili guava flavor)
8. Kru Pensri Sour Maxx Candy (salty chili tamarind flavor)
9. Sappe x Takabb
10. Beauti Drink Ruby Lady
11. Maxtix Coffee with Tibetan Cordyceps and Vitamin B Complex
12. Preaw Coffee Powder Collagen Type 2

AUGUST

13. Gumi Gumi Jelly Vitamin B Yogurt Flavor
- All Coco Creamy Soup in 2 Flavors**
14. Creamy Coconut Soup
15. Creamy Coconut and Mushrooms Soup with Truffle Flavor
- All Coco Creamy Vegetarian Soup in 3 Flavors**
16. Creamy Coconut Soup
17. Creamy Coconut and Pumpkin Soup
18. Creamy Coconut and Corn Soup

OCTOBER

19. Beauti Drink Booster (Less Sweet)
20. Beauti Drink Immu-C (Less Sweet)
21. Sappe Aloe Vera Drink Mixed Honey Lemon Flavor
22. Sappe Aloe Vera Drink Mixed Peach Flavor
23. Nam Hom Aromatic Coconut water with Nam Hom Coconut Flesh

NOVEMBER

24. Beauti Drink Colla-C (Less Sweet)
25. Gumi Gumi jelly Mixed Barries

DECEMBER

26. Maxtix Coffee with black Ginger Extract, L-Arginine and Zinc

4

New Partners

Thai Hemp Wellness

March - Sappe signed a Memorandum of Agreement with Thai Hemp Wellness Co. to encourage Chiang Rai farmers to plant cannabis as a production base for upstream production to support the integrated hemp industry.



Sappe x Workpoint Ent.

July - Collaborated with Workpoint Ent. to launch a new product called "Kru Pensri" chewy candy in 2 flavors.



Sappe x Takabb

July - Collaborated with legendary Hatakabb (Sim Tien Hor) Co. to launch "Sappe x Takabb" functional shot to the functional herbal drink market.



M-Intel

November - Sappe acquired shares in M Intelligence Co., Ltd., leader of technology consulting company to enlarge a new space to grow its business under digital transformation



4

Big News

UN Women

July - Sappe joined WeEmpowerAsia Program, UN Women.

100% AGM Checklist

August - Sappe received full score of 100% for the second year in a row from the AGM Checklist 2021, evaluated by the Thai Investors Association.

CAC

November - Sappe received a certificate as a member of the Thai Private Sector Collective Action Against Corruption (CAC). The certificate-giving event took place virtually at the Thailand 11th National Conference on Collective Action Against Corruption under the theme "Joining force of transparent businesses to tackle corruption" organized by IOD.

NEW HIGH!!!!

December - Sappe makes new high in revenue and net profit in 2021 amid COVID-19 pandemic, with total revenue of 3,712.8 million baht, growing 11.8%, Net profit of 410.2 million baht, increase by 6.3%.

NEW PRODUCTS IN 2021 (26 SKUS)



Mogu Mogu Watermelon Flavoured Drink with Nata de Coco

Gumi Gumi Orange Flavor Jelly with Vitamin C

FEB.



B'lue Green Apple Flavor Infused Vitamin Water C200%

Gumi Gumi Korean Peach Flavor with Nata de Coco

APR.



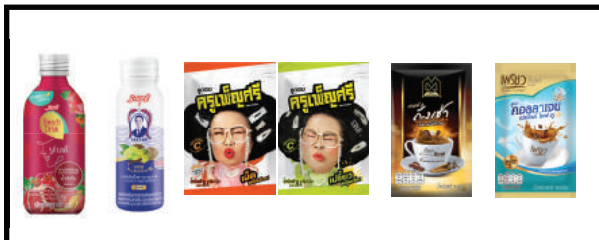
B'lue Peach Flavor Infused Vitamin Water C200%

MAR.



Beauti Drink Green Relaxing Calm

MAY.



Beauti Drink Ruby Lady

Sappe x Takabb

Kru Pensri Spicy Maxx and Sour Maxx Candy

Maxtive Coffee with Tibetan Cordyceps and Vitamin B Complex

Prew Coffee Powder Collagen Type Two

JUL.



Gumi Gumi Yogurt Flavor Jelly with Vitamin B

All Coco Creamy Coconut Soup and Mushroom Soup with Truffle Flavor

All Coco Creamy Vegetarian Soup; Coconut Soup, Coconut and Pumpkin Soup, Coconut and Corn Soup

AUG.



Nam Hom Aromatic Coconut Water with Nam Hom Coconut Flesh

Beauti Drink Booster and Immu-C (Less Sweet)

Sappe Aloe Vera Drink; Honey Lemon and Peach Flavor

OCT.



Beauti Drink Colla-C (Less Sweet)

Gumi Gumi Mixed Berries Flavor Jelly

NOV.



Maxtive Coffee with black Ginger Extract, L-Arginine and Zinc

DEC.

SAPPE MILESTONES

1973

Founders, Mr. Anan Ruckariyapong and Mrs. Somnuk Isoonpisansiri, began a snack business producing snacks such as Thai-style cookies, candied peanuts, tamarind and crispy krong krang under 'Piyajit' brand.

1988

Sapanan General Food was established at Bangchan Industrial Park.

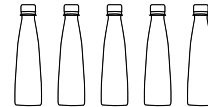
SAPANAN
GENERAL FOOD

2001

The company launched its first drink, Mogu Mogu, the world's first drink made from fruit juice with coconut jelly.



2006



Sappe Beauti Drink was launched with the slogan "Just drink and become beautiful". Its debut was the birth of "functional drink" category in Thailand.

2010

Sappe factory began operation at Lamlukka 13, Pathum Thani province.



2011

Established Sappe Europe s.r.o. in Slovakia.

2013

Registered to be a listed company in the Stock Exchange of Thailand.

SAPPE
PUBLIC COMPANY LIMITED

SAPPE MILESTONES

2014
2015
2016
2019
2021

Registered to be a listed company in the Stock Exchange of Thailand.



Established Sappe Hong Kong Ltd. in Hong Kong.

Established Sappe Trading (Hong Kong) Ltd. in Hong Kong.

Established Sappe Trading (Shanghai) Ltd. in China.

Acquired shares in Coconut Factory Co., Ltd. which is renamed to All Coco Co., Ltd. in order to expand the exporting market of coconut water in global market.



Partnered with MYEN PTD. (Danone) to create Danone Sappe Beverages Company Limited and launched B'lue vitamin water.



Collaborated with Workpoint Entertainment Public Company Limited to launch a new product 'Kru Pensri' candy.



Collaborated with the leading cough pill company, Hatakabb to create 'Sappe x Takabb' herbal drink in a shot bottle.



Acquired shares in M-Intel, leader of technology consulting company to enlarge a new space to grow its business under digital transformation.

BOARD MEMBERS

Mr. Natee Onin
Chairman



Mr. Adisak Ruckariyaphong
Vice Chairman and
Chairman of Executive
Committee



Mr. Padungdej Indralak
Independent Director
and Chairman of Audit
Committee



Ms. Kunnigar Triyangkulsri
Independent Director and
Audit Committee



Mr. Surath Pralongsil
Independent Director
and Audit Committee



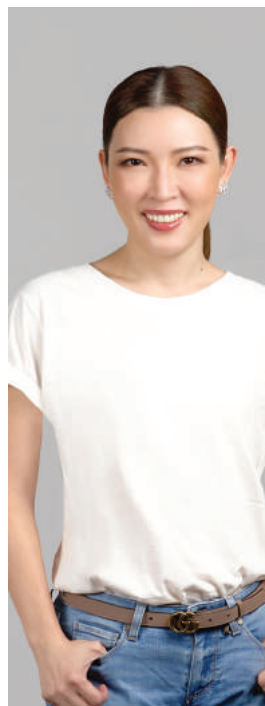
Mr. Thana Thienachariya
Independent Director



Mrs. Niratchara
Siriamphunkul
Independent Director



Mr. Anan Ruckariyapong
Director, Executive
Committee, and President



Ms. Piyajit Ruckariyapong
Director, Executive
Committee, and Chief
Executive Officer



Mr. Arnupap Ruckariyapong
Director, Executive
Committee, and Chief
Operating Officer

SUSTAINABILITY MANAGEMENT POLICY

“We better people’s lives through our innovative spirit” is the heart of Sappe’s business operation. We prioritize all stakeholders in accordance with the principles of good governance, transparency and anti-corruption by setting policies and guidelines under Sappe’s sustainability and value chain. The key missions are as follow:

Build Sustainable Economic Growth



- Determined to create innovative and quality products in response to various needs and continuously gain access to consumers’ ways of life.



- Create product understanding for consumers with responsibility, ready to accept all feedbacks, and always identify new customers’ needs.



- Deliver quality products to as many consumers as possible.



- Constantly enhance business growth and development with new partners and look for new ways for business growth and use them for maximum efficiency.

Promote Quality of Life of Our Key Players to Grow Together



- Promote the employees’ potential to allow them to develop, grow and enjoy working with fairness and equality.



- Create “Innovative Spirit” in the entire organization.



- Elevate standards of partners.



- Support community members to have better quality of life, in terms of income, education and well-being.



- Support procurement of raw materials from Thai farmers and develop them with Sappe’s knowledge and expertise on innovation.



- Create inspiration and pass on the “knowledge of creative seeds” to society.



Promote Sustainable Environment with Innovation and Technology



- Implement efficient management of value chain with innovation and advanced technology to reduce environmental impacts to the maximum effect.



- Use natural resources for maximum efficiency and reduce environmental impacts.

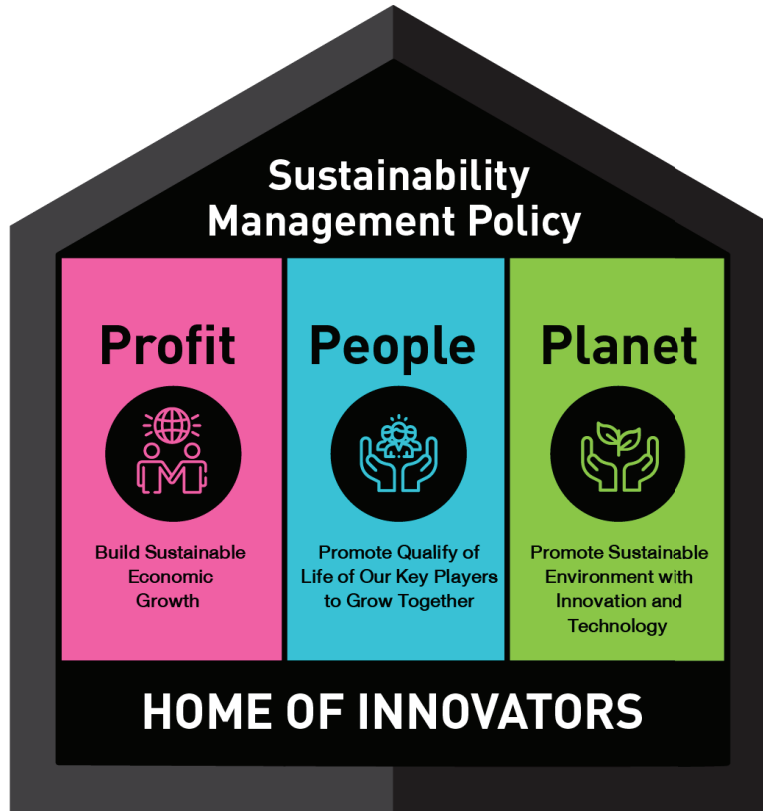


- Obtain high-quality and eco-friendly materials for production and packaging.



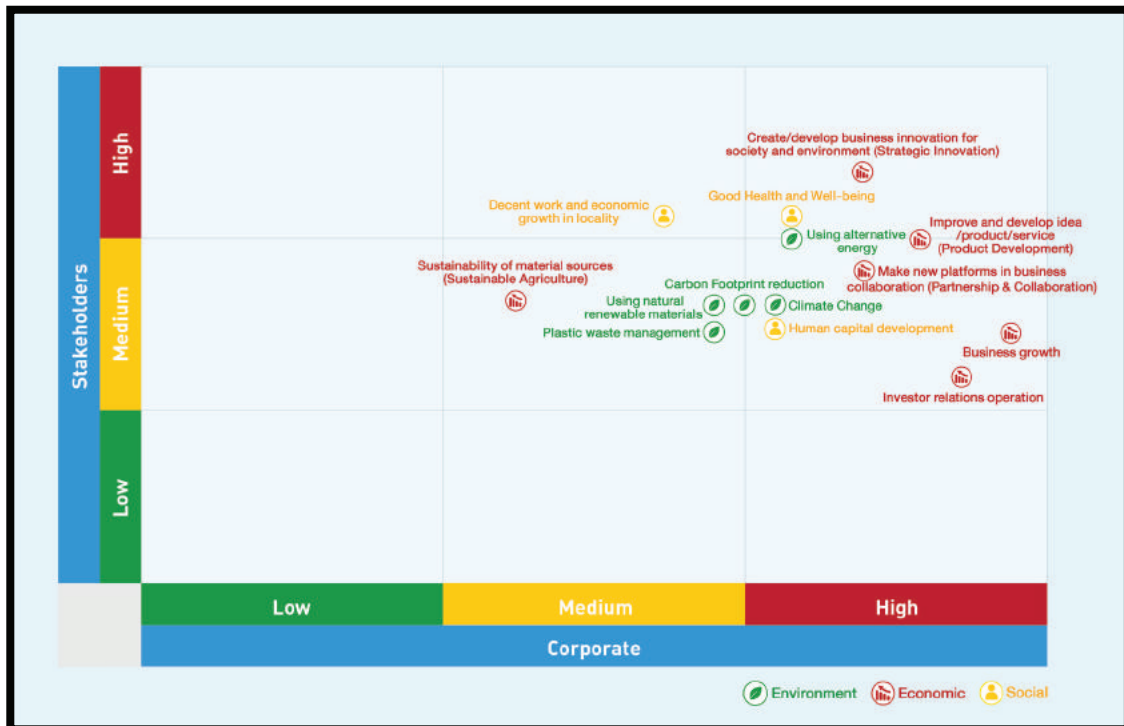
- Enhance usage of alternative energy and find new models to reduce greenhouse gas emission.

Sappe Sustainability Policy applies to all departments, the board of directors, the executive committee, executives, and all employees. In addition, Sappe will support its partners in formulating sustainability commitments in line with this policy.

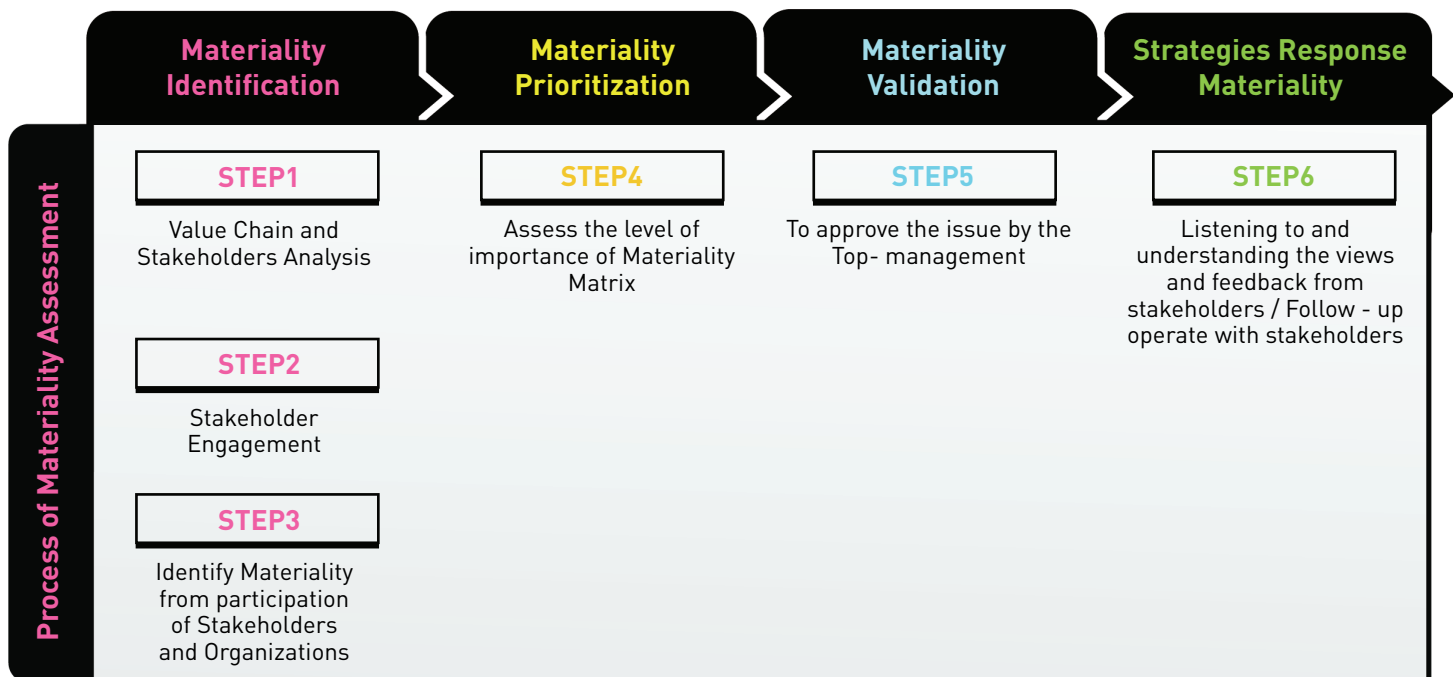











MATERIALITY MATRIX

Material issues comprising 14 issues have been prioritized (3 levels) for each issue as follows.



Materiality Identification process has been approved by the meeting Executive Committee on 16 February 2022, and the Board of Directors on 23 February 2022.

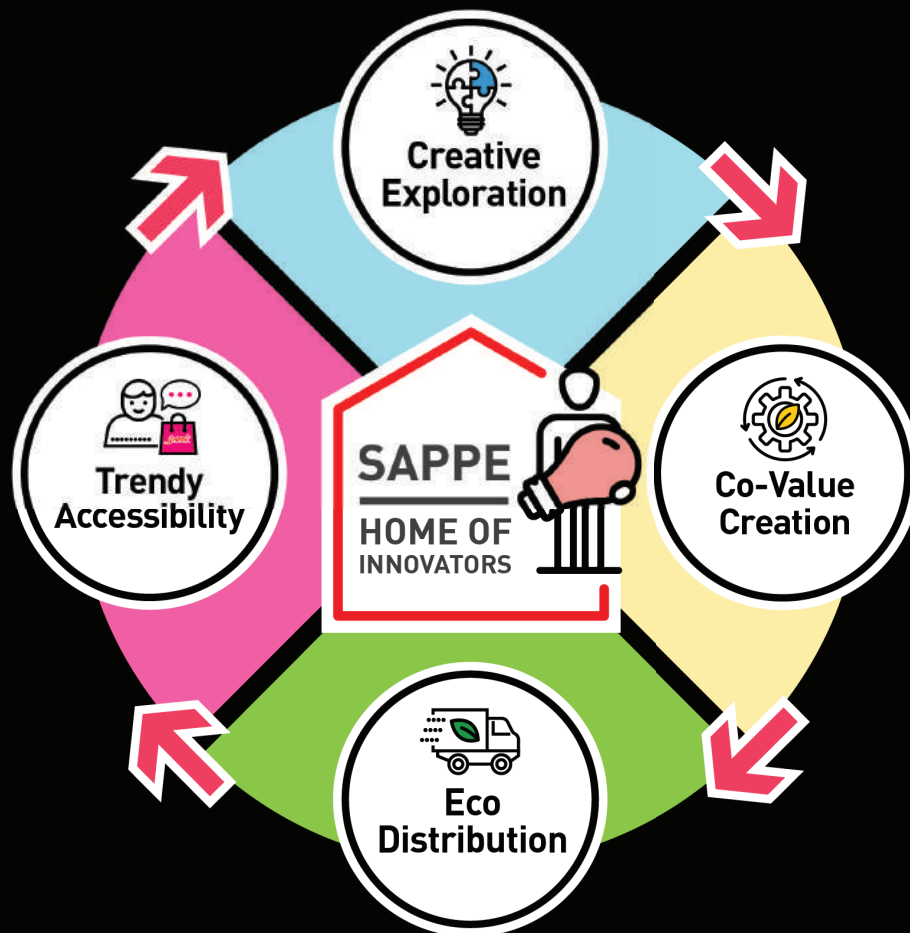


Materiality Matrix	Important to stakeholders	Consistent affects to business strategy	Respond to sustainable development goals (SDGs)
Create/develop business innovation for society and environment (Strategic Innovation)	Society expects companies to develop innovative product to promote society and the environment to be better	As an opportunity for product development and service to meet the needs of society, which is an opportunity business growth	 
Good Health and Well-being	Society expects health and better quality of life	The company committed to developing products and services to promote health and the well-being of people in society	  
Improve and develop idea/ product/service (Product Development)	Consumers expect products and services that creative, quality and safe	The company strives to create innovative products with quality meet changing needs continually and safety to consumers	 
Using alternative energy	Society expects the company to operate its business. more environmentally friendly	The company committed to improving energy consumption. options and looking for new patterns to reduce greenhouse gas emissions	 



Creating and delivering more than 15 SKUs of Innovative products to society per year.

SAPPE SUSTAINABILITY FRAMEWORK



SAPPE VALUE CHAIN

All through Sappe's value chain, we focus the process of inventing and creating innovative and quality products, production management, efficient storage of products, and delivery of products to as many consumers as possible, as well as marketing communication and sale with highest responsibility. The company conducts in-depth analysis of the stakeholders and business value chain particularly sustainability, practices to respond to expectations, communication channels and participation as listed below:

Sappe Value Chain	Creative Exploration	Co-Value Creation	Eco-Distributor	Trendy Accessibility
	Invent and create innovative, quality products to respond to various needs, and to continuously reach consumers. The exploration also includes looking for new partners and new options to help create innovative, unique and more eco-friendly products and packaging.	Efficiently manage the production and product storage with advanced technology, cost reduction, and use of natural resources for maximum efficiency and to minimize environmental impacts.	Efficiently manage distribution in terms of energy and time. Expand distribution channels to maximize access to consumers in order to get the quality products ready on the shelves and reach consumers for them to have delicious and useful products to better their quality of life.	Communicate with customers and society with transparency, sincerity and straightforward manner to make them and stakeholders clearly understand the products and select the most preferable items in fair prices. Ready for all comments, feedbacks and criticism for further development and improvement, and to find new inside to create innovative products in response to customer needs.
	Key Procedure <ul style="list-style-type: none"> • HR • R&D • Knowledge Management/ Sharing • SME • Inno Studio (In house) • JV/Collaborations 	<ul style="list-style-type: none"> • Procurement • Production • Warehouse • Community 	<ul style="list-style-type: none"> • Modern trade • Traditional trade • Out of home • E-commerce • Brand Activation & Selling 	<ul style="list-style-type: none"> • Pricing • Marketing Communication/ Campaigns • Consumer Survey • Consumer Feedback • E-commerce
	Our Key Players <ul style="list-style-type: none"> • Employees • Business partners • Educational institutes • SME • Government agencies • State enterprises • Communities 	<ul style="list-style-type: none"> • Employees • Business partners • SME • Government agencies • State enterprises • Supplier • Communities 	<ul style="list-style-type: none"> • Employees • Business partners • Government agencies • Shipping • Certification Body 	<ul style="list-style-type: none"> • Employees • Customers • Media • Government agencies • Investors/Shareholders • Competitors in the market; Online Platform/Marketplace
	Relevant Sustainable Issues <ul style="list-style-type: none"> • Make new platforms in business collaboration (Partnership & Collaboration) • Create/develop business innovation for society and environment (Strategic Innovation) • Sustainability of material sources (Sustainable Agriculture) • Human capital development • Good Health and Well-being • Using natural materials • Carbon footprint reduction (Carbon Footprint) • Studying and interpreting consumer data involving behaviors and feedbacks (Customer Insight) • Innovative development from internal personnel (In-house Innovation) • Build good relations with customers (Customer Relations) • Ensure sustainable consumption and production patterns (Responsible Consumption & Production) 	<ul style="list-style-type: none"> • Improve and develop idea/ product/service (Product Development) • Create/develop business innovation for society and environment (Strategic Innovation) • Decent work and economic growth in locality • Using natural renewable materials • Using alternative energy (Solar cell, wind energy, coal) • Carbon footprint reduction (Carbon Footprint) • Waste management • Water management (Clean water & Sanitation) • Ensure sustainable consumption and production pattern (Responsible Consumption & Production) • Sustainability of material sources (Sustainable Agriculture) 	<ul style="list-style-type: none"> • Ensure healthy life and promote well-being (Good Health and Well-being) • Using natural renewable materials • Using alternative energy (Solar cell/wind energy/coal) • Plastic waste management • Carbon Footprint reduction (Carbon Footprint) • Using clean energy (Affordable & Clean Energy) • Waste Management 	<ul style="list-style-type: none"> • Create new platforms in business collaboration (Partnership & Collaboration) • Investor relations operation • Business growth • Ensure sustainable consumption and production patterns (Responsible Consumption & Production) • Ensure healthy life and promote well-being (Good health & well-being) • Implementing marketing strategy with responsibility (Responsible Marketing) • Holding responsibility to produce standard product (Product Responsibility) • Implementation of Circular Economy

SOCIAL PERFORMANCE

HOME OF INNOVATORS

At Sappe, we call all employees “Sappe players” as everybody is ready to have fun together. We are open to people of a new generation of all races, religions and genders including LGBT to creatively unleash diverse powers here at the workplace filled with fun and challenges. We also provide employees opportunities to share their views, demonstrate their potential and promote constant learning. Sappe has a working pattern of fun and high flexibility but full of passion in working to reach the highest achievement.



To build an understanding in the young generation which is the driving force in present society and the main consumers of Sappe products, we created a process of knowledge development under a “Young Gen” model in 2021 to adopt new knowledge through various activities under the “Young Yu” (still young) project. The prominent activities include the “Young Leader, Share Young” scheme which helps company players to “Live Learn Love” from people of the younger generation who become members the Sappe family. It is also a good opportunity for Sappe players to obtain knowledge, understanding and practice of action in handling disruption and arouse their growth mindset. These following initiatives make Sappe different, ready for changes and remain “Young”.



SOCIAL PERFORMANCE



SAPPE PLAYERS 2021

Number of employees

Total
564
employees



Male

257
employees
(46%)



Female

307
employees
(54%)

“Core Value”



Creative
Dynamic
Fun

Internal, external training
courses and Lunch & Learn
Activity



total

91 times

Assessment results of the employees'
bond with the organization
(Employee Engagement Survey)



4.3/5
points

Assessment results of the employees'
pride for being a part in creating
innovation for the growth of the
organization and society
(NPS)



58/100
points



Did you know?

Throughout 2021, we looked after all employees both at Sappe headquarters and the factory with strict COVID-19 protocols. The employees have received vaccines and been allowed to work from home since the beginning of the pandemic. The company supports remote working with technology and efficient operating system to help the employees work from home smoothly and happily.

SOCIAL PERFORMANCE

5th Year of “Wan Wan Wan” Project

The year 2016 marked the birth of the Wan Wan Wan aloe vera project initiated with our determination to help people in the communities around Sappe’s factory get more income. As most of the community members do farming for living, Sappe also hoped the higher income under its support could improve their quality of life. For this reason, the company allocated part of the factory compound to make a demonstration farm to test quality of soil, weather and water for aloe vera cultivation. The company wanted to know whether the Khlong 13 factory in Pathum Thani was suitable to grow high quality aloe vera to be used as raw material for our products or not. It was the first time for aloe vera cultivation in the central region as the main cultivation is in southern Thailand. The company invited experts to teach project members how to plant, nourish and harvest aloe vera. Apart from buying the output to ensure stable income for people in the factory’s neighborhood, Sappe also hopes that the Wan Wan Wan project will help reduce risk of material shortage in the future.



After five years, the Wan Wan Wan aloe vera project has been satisfactorily successful, with local residents from around 20 households taking part in the cultivation along with their farming job in 20 rai plot. With our knowledge, we jointly took care of and developed the aloe vera cultivation, resulting in quality yield and sold to Sappe. The project generates income for the community approximately 200,000 baht per year. We also received great support from our kind supplier, Prانبuri Fruit Industrial Co., Ltd., which has been providing quality aloe vera sprouts for the project members.



Wan Wan Wan Project



Farming management



Promote planting, care, and harvesting methods



Adding Value



Product development



Apart from aloe vera cultivation, Sappe also passed knowledge and expertise to the project members in turning the remaining aloe vera from selling into other products in the “Knowledge Sharing to Community” project. Over the past two years of the pandemic outbreak, about 18,000 pieces of “Sappe Together” hand sanitizer were delivered to customers. The hand sanitizer product is regarded as valuable output from community enterprise in Puech-udom sub-district, Pathum Thani, where our factory is located. It is the pride of Sappe and local residents to be part of the process to make the users’ hands clean and free from the virus. Sappe Together hand sanitizer also increased both income and smile to the community.

SOCIAL PERFORMANCE

LEADER IN ME

With our strong will to inspire and pass knowledge of “creativity seeds” to society, Sappe initiated the “Leader in Me” project at Ruamjit Prasart school, the community school close to its factory in Lam Luk Ka district, Pathum Thani province in 2019.



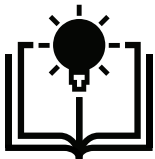
Entering its third year, the project has been carried out to enhance the students' potential in line with the seven-habit practice under the important concept of leadership. Having leadership is not all about being assertive in the class, but students must also be able to “lead themselves and know what they should and should not do” under context and suitability of their ages. Both parents and teachers will not direct, lead or control them, but they will support and push them, and unlock their potential leading to self-learning. We believe all children

have potential to become leaders and changes can begin by themselves.

More importantly, teachers and parents will not prioritize only their academic success, but also the holistic development of the students. Apart from enhancing potential of 165 students at Ruamjit Prasart school, the project also significantly changed a paradigm and develop 14 teachers as well as parents as they both play important roles in creating an appropriate environment to help students express their creative thoughts and push this project toward a

great achievement.

Although the COVID-19 crisis has forced the school to conduct virtual classes, Ruamjit Prasart still integrates the seven habits to empower the students to become leaders from their homes. The integration is regarded as an expansion of cooperation to the families and community in a new form in order to create a learning society together. Regarding the outcome of “Leader in Me”, the project met all three goals set by the school which are:



ACADEMIC GOAL

More than 95% of students can read basic Thai.



LEADERSHIP SKILL

in controlling COVID-19 outbreak: 95% of students wear masks both in and outside their homes or in the community.



CULTURAL GOAL

to be leaders in the Thai greeting of wai: at least 90% of students do wai.

SOCIAL PERFORMANCE

Sappe extends moral support to people during COVID-19 crisis with products, aid packages and paper-box donations

Sappe's determination is "We better people's lives through our innovative spirit". Aside from producing quality innovative products to boost the consumers' health, we also run business to help elevate the quality of life for surrounding people, including employees, communities, allies and society who face difficulties during the pandemic. Hence, we do not hesitate to help the public with our utmost effort and ability.



In 2021, Sappe's CSR team made multiple visits and handed products to hospitals, field hospitals, isolation centers, public health centers, communities, foundations and volunteer groups every week. Around 700,000 bottles of Sappe drinks worth 14 million baht were distributed to those health venues while 1,000 relief supply bags were handed to the homeless people in Ratchadamnoen, Hua Lamphong and Khlong Toey.



SOCIAL PERFORMANCE



The innovative functional Sappe X Takabb shots, which are full of various herbs, were among the donated items to help ease sore throat and cough for COVID-19 patients. A total of 60,000 Sappe X Takabb bottles, worth 1,740,000 million baht were part of the company's effort to help relieve throat irritation for COVID-19 patients and medical staff.

In addition, Sappe donated sanitary napkins and Ruby Lady products to female COVID-19 patients at Thammasat University's field hospital and Ongkharak Hospital and donated them through the Up for Thai voluntary organization and Goodness Foundation. The items, worth 200,000 baht, were to help the female patients to deal with their periods while being admitted at the hospitals as the side symptoms from the monthly period could aggravate their illness. Therefore, Ruby Lady is a choice of drink to help women, who need extra care, comfortably get through this difficult time



The company also donated medical equipment, worth 500,000 baht, to seven hospitals in three provinces: Pathum Thani, Nakhon Nayok and Chachoengsao. In Pathum Thani, the Sappe team handed medical equipment at Lamlukka Hospital, Phuethudom Subdistrict Health Promoting Hospital and Bueng Kho Hai 2 Subdistrict Health Promoting Hospital. In Nakhon Nayok, medical equipment sets were handed to Banladchang Subdistrict Health Promoting Hospital, Ban Tham Nop Subdistrict Health Promoting Hospital and Ban Pak Khlong 22 Subdistrict Health Promoting Hospital. The team also gave equipment to Chaloem Phra Kiat 60 Years Nawamin Maharachini Subdistrict Health Promoting Hospital in Chachoengsao.

Apart from the products, Sappe also provided about 40 tons of paper boxes from production to SCGP for recycling and producing 600 paper beds for field hospitals. Paper boxes were also given to the reBox and Box Bun campaigns initiated by the Thailand Post to turn unused paper boxes into cash to buy surgical masks for hospitals. From the total 40 tons of paper boxes, 8.6 tons were given to SCGP and 32 tons to Thailand Post.



ENVIRONMENTAL PERFORMANCE

Sappe is determined to sustainably protect environment

Apart from manufacturing products and doing business by taking the environmental impact into consideration, using natural resources with maximum efficiency, and systematically managing water, waste and pollution, we also invested around 45.3 million baht to install 4,263 solar cell panels on the rooftop of the factory covering 11,655.36 sq. m. The on-grid system rooftop is connected with the distribution system of the electricity authority (without battery) and generates 2,408.595 kWp power. In one year, the solar-power rooftop at the Sappe factory will be able to generate a maximum power of 2,940,869 kWh to help reduce the electricity fee by 10.8 million baht. More importantly, it can also help mitigate carbon dioxide emission at the power plant by 1.6 million kilograms, equivalent to CO₂ absorption by 34,408 big trees, or 172 rai of forestation per year. This is another pride of all Sappe players.



Electric power generation



2,940,869
kWh

Electricity saved



10,800,000
THB

Reduction of CO₂ emissions



1,600,000
kg

Equivalent to forestation



172
rai/year



SAPPE FACTORY



Land 100 rai
(59 acres)



Manpower
500+ people



1 Warehouse
8,000 square meters



Capacity
130,000 tons/year



In-house
PET bottling (preform & bottle)



8 Powder filling
lines



4 Beverage lines
with hot/warm fill technology



2 Pouch lines
(Retort & Cooker technology)



5 Special lines



**SAP
ERP**



Zero Discharge



Clean energy
Solar rooftop

Statement of financial position - Consolidated financial statements

Statement of financial position	31-Dec-21		31-Dec-20		31-Dec-19		31-Dec-18	
	million baht	%	million baht	%	million baht	%	million baht	%
ASSETS	3,848.40	100.00	3,647.16	100.00	3,389.97	100.00	2,922.91	100.00
Current assets	2,523.69	65.58	2,361.32	64.74	1,943.88	57.34	1,604.56	54.90
Cash and cash equivalents	382.61	9.94	194.39	5.33	181.70	5.36	172.64	5.91
Current investments	1,371.10	35.63	1,415.10	38.80	1,132.13	33.40	915.80	31.33
Trade accounts receivable	340.58	8.85	435.59	11.94	352.87	10.41	248.96	8.52
Other current receivables	89.17	2.32	64.46	1.77	40.95	1.21	36.72	1.26
Short-term loans to related parties	-	-	-	-	-	-	8.00	0.27
Inventories	290.72	7.55	221.07	6.06	216.90	6.40	213.77	7.31
Other current assets	49.51	1.29	30.71	0.84	19.33	0.57	8.67	0.30
Non-current assets	1,324.71	34.42	1,285.84	35.26	1,446.09	42.66	1,318.35	45.10
Investment in associates	88.96	2.31	14.19	0.39	29.74	0.88	142.01	4.86
Other non-current financial assets	66.75	1.73	-	-	-	-	-	-
Other long-term investments	-	-	-	-	100.00	2.95	50.00	1.71
Property, plant and equipment	951.27	24.72	1,006.22	27.59	1,133.84	33.45	1,055.95	36.13
Right-of-use assets	54.97	1.43	96.76	2.65	-	-	-	-
Goodwill	90.90	2.36	90.90	2.49	90.90	2.68	-	-
Intangible assets other than goodwill	43.35	1.13	49.95	1.37	56.06	1.65	52.30	1.79
Deferred tax assets	19.81	0.51	18.31	0.50	14.96	0.44	12.79	0.44
Other non-current assets	8.70	0.23	9.51	0.26	20.59	0.61	5.30	0.18
LIABILITIES AND EQUITY	3,848.40	100.00	3,647.16	100.00	3,389.97	100.00	2,922.91	100.00
LIABILITIES	841.93	21.88	774.05	21.22	646.20	19.06	499.37	17.08
Current liabilities	745.47	19.37	670.50	18.38	602.71	17.78	482.47	16.51
Bank overdraft	1.89	0.05	1.46	0.04	-	-	0.95	0.03
Trade accounts payable	180.82	4.70	217.94	5.98	182.08	5.37	176.34	6.03
Other current payables	495.09	12.86	360.00	9.87	366.35	10.81	272.99	9.34
Current portion of long-term borrowing	-	-	-	-	-	-	-	-
from financial institutions	-	-	0.03	0.00	0.10	0.00	-	-
Short-term borrowings from related parties	9.46	0.25	9.35	0.26	10.98	0.32	3.99	0.14
Current portion of lease liabilities	10.07	0.26	25.33	0.69	6.50	0.19	0.30	0.01
Current income tax payable	48.14	1.25	56.39	1.55	36.70	1.08	27.90	0.95

Statement of financial position - Consolidated financial statements

Statement of financial position	31-Dec-21		31-Dec-20		31-Dec-19		31-Dec-18	
	million baht	%	million baht	%	million baht	%	million baht	%
Non-Current liabilities	96.46	2.51	103.55	2.84	43.49	1.28	16.90	0.58
Long-term loans from financial institution	-	-	-	-	0.03	0.00	-	-
Lease liabilities	51.88	1.35	65.90	1.81	12.45	0.37	0.42	0.01
Deferred tax liabilities	3.00	0.08	2.91	0.08	2.57	0.08	-	-
Non-current provisions for employee benefit	36.61	0.95	27.61	0.76	20.30	0.60	12.43	0.43
Other non-current liabilities	4.97	0.13	7.13	0.20	8.14	0.24	4.05	0.14
EQUITY	3,006.47	78.12	2,873.11	78.78	2,743.77	80.94	2,423.54	82.92
Issued and paid-up share capital	306.09	7.95	304.38	8.35	304.38	8.98	304.37	10.41
Share premium on ordinary shares	1,021.35	26.54	975.61	26.75	975.61	28.78	975.34	33.37
Warrants	19.03	0.49	27.80	0.76	20.93	0.62	9.07	0.31
Retained earnings - Legal reserve	30.84	0.80	30.84	0.85	30.84	0.91	30.84	1.06
Retained earnings - Unappropriated	1,533.65	39.85	1,433.30	39.30	1,312.46	38.72	1,109.71	37.97
Difference arising from common control transactions	(4.37)	(0.11)	(4.37)	(0.12)	(4.37)	(0.13)	(4.36)	(0.15)
Currency translation differences	(0.91)	(0.02)	4.03	0.11	7.34	0.22	3.42	0.12
Equity attributable to Non-controlling interests	100.79	2.62	101.52	2.78	96.58	2.85	(4.85)	(0.17)

Statement of financial position - Separate financial statements

Statement of financial position	31-Dec-21		31-Dec-20		31-Dec-19		31-Dec-18	
	million baht	%	million baht	%	million baht	%	million baht	%
ASSETS	3,783.68	100.00	3,546.78	100.00	3,279.25	100.00	2,951.81	100.00
Current assets	2,403.86	63.53	2,248.19	63.39	1,849.27	56.39	1,581.80	53.59
Cash and cash equivalents	324.55	8.58	151.92	4.28	124.39	3.79	159.56	5.41
Current investments	1,371.11	36.24	1,415.10	39.90	1,132.13	34.52	915.80	31.02
Trade accounts receivable	318.78	8.43	418.91	11.81	334.59	10.20	244.37	8.28
Other current receivables	88.19	2.33	63.02	1.78	42.87	1.31	36.78	1.25
Short-term loans to related parties	5.61	0.15	5.61	0.16	7.65	0.23	8.00	0.27
Inventories	247.14	6.53	175.51	4.95	188.98	5.76	209.64	7.10
Other current assets	48.48	1.28	18.12	0.51	18.66	0.57	7.65	0.26
Non-current assets	1,379.82	36.47	1,298.59	36.61	1,429.98	43.61	1,370.01	46.41
Investment in subsidiaries	390.16	10.31	290.16	8.18	290.16	8.85	197.16	6.68
Other non-current financial assets	66.75	1.76	-	-	-	-	-	-
Other long-term investments	-	-	-	-	100.00	3.05	50.00	-
Property, plant and equipment	816.63	21.58	881.24	24.85	973.01	29.67	1,052.46	35.65
Right-of-use assets	47.22	1.25	63.12	1.78	-	-	-	-
Intangible assets other than goodwill	34.88	0.92	40.34	1.14	46.52	1.42	52.30	1.77
Deferred tax assets	19.68	0.52	18.21	0.51	14.92	0.46	12.79	0.43
Other non-current assets	4.50	0.12	5.52	0.16	5.37	0.16	5.30	0.18
LIABILITIES AND EQUITY	3,783.68	100.00	3,546.78	100.00	3,279.25	100.00	2,951.81	100.00
LIABILITIES	797.91	21.09	715.40	20.17	581.49	17.73	484.78	16.42
Current liabilities	718.06	18.98	631.38	17.80	561.54	17.12	472.35	16.00
Trade accounts payable	192.60	5.09	228.78	6.45	179.78	5.48	175.26	5.94
Other current payables	468.64	12.39	335.21	9.45	345.16	10.53	269.19	9.12
Current portion of long-term borrowing	-	-	-	-	-	-	-	-
from financial institutions	-	-	-	-	-	-	-	-
Current portion of lease liabilities	8.80	0.23	11.57	0.33	-	-	-	-
Current income tax payable	48.02	1.27	55.82	1.57	36.60	1.12	27.90	0.95
Non-Current liabilities	79.85	2.11	84.02	2.37	19.95	0.61	12.43	0.42
Long-term loans from financial institution	-	-	-	-	-	-	-	-
Lease liabilities	44.25	1.17	57.00	1.61	-	-	-	-
Non-current provisions for employee benefits	35.60	0.94	27.02	0.76	19.95	0.61	12.43	0.42

Statement of financial position - Separate financial statements

Statement of financial position	31-Dec-21		31-Dec-20		31-Dec-19		31-Dec-18	
	million baht	%	million baht	%	million baht	%	million baht	%
EQUITY	2,985.77	78.91	2,831.38	79.83	2,697.76	82.27	2,467.03	83.58
Issued and paid-up share capital	306.09	8.09	304.38	8.58	304.38	9.28	304.37	10.31
Share premium on ordinary shares	1,021.35	26.99	975.61	27.51	975.61	29.75	975.34	33.04
Warrants	19.03	0.50	27.80	0.78	20.93	0.64	9.07	0.31
Retained earnings - Legal reserve	30.84	0.82	30.84	0.87	30.84	0.94	30.84	1.04
Retained earnings - Unappropriated	1,608.46	42.51	1,492.75	42.09	1,366.00	41.66	1,147.41	38.87

Statements of cash flows - Consolidated financial statements

Unit: baht

Statements of cash flows	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18
Net cash from (used in) operating activities	693,388,814	539,910,069	605,655,849	433,473,242
Net cash from (used in) investing activities	(215,802,827)	(251,551,165)	(387,579,109)	(216,882,071)
Net cash from (used in) financing activities	(289,372,337)	(275,663,481)	(209,018,592)	(199,638,061)
Cash and cash equivalents at 1 January	194,389,005	181,695,045	172,637,193	155,684,171
Effect of disposals of investments in subsidiary	-	-	-	-
Effect of exchange rate changes on cash and cash equivalents	6,982	(1,463)	(296)	(88)
Cash and cash equivalents at 31 December	382,609,637	194,389,005	181,695,045	172,637,193

Statements of cash flows - Separated financial statements

Unit: baht

Statements of cash flows	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18
Net cash from (used in) operating activities	673,858,067	532,191,434	590,240,545	431,855,536
Net cash from (used in) investing activities	(213,838,346)	(238,887,071)	(424,787,015)	(217,844,439)
Net cash from (used in) financing activities	(287,399,115)	(265,772,459)	(200,624,738)	(196,971,374)
Cash and cash equivalents at 1 January	151,917,400	124,386,959	159,558,463	142,518,828
Effect of exchange rate changes on cash and cash equivalents	6,982	(1,463)	(296)	(88)
Cash and cash equivalents at 31 December	324,544,988	151,917,400	124,386,959	159,558,463

Statement of comprehensive income - Consolidated financial statements

Statement of comprehensive income	Consolidated financial statements							
	Year ended 31 December							
	2021		2020		2019		2018	
	million baht	%	million baht	%	million baht	%	million baht	%
Revenue								
Total revenue	3,712.77	100.00	3,320.93	100.00	3,386.86	100.00	2,885.88	100.00
Revenue from sale of goods	3,444.16	92.77	3,268.08	98.41	3,299.48	97.42	2,826.86	97.95
Other income	268.61	7.23	52.85	1.59	69.92	2.06	51.54	1.79
Gain from change in interest in associate	-	-	-	-	10.08	0.30	-	-
Net foreign exchange gain	-	-	-	-	7.38	0.22	7.48	0.26
Total revenue	3,712.77	100.00	3,320.93	100.00	3,386.86	100.00	2,885.88	100.00
Expenses		-						
Cost of sales of goods	2,089.13	56.27	2,067.23	62.25	2,083.85	61.53	1,799.82	62.37
Distribution costs	759.88	20.47	451.48	13.59	490.11	14.47	383.49	13.29
Administrative expenses	318.26	8.57	298.36	8.98	290.70	8.58	265.48	9.20
Net foreign exchange loss	5.68	0.15	5.91	0.18	-	-	-	-
Finance costs	2.52	0.07	3.15	0.09	1.12	0.03	0.18	0.01
Total expenses	3,175.47	85.53	2,826.13	85.10	2,865.77	84.61	2,448.97	84.86
Reversal of impairment loss determined in accordance with TFRS 9	(0.86)	(0.02)	2.67	0.08				
Share of loss from associates accounted for using equity method	(20.23)	(0.54)	(15.55)	(0.47)	(18.35)	(0.54)	0.08	0.00
Profit before income tax expense	516.21	13.90	481.92	14.51	502.74	14.84	436.99	15.14
Tax expense	105.98	2.85	95.97	2.89	100.01	2.95	85.62	2.97
Profit for the year	410.23	11.05	385.95	11.62	402.73	11.89	351.37	12.18
Exchange differences on translating foreign operations	(5.09)		(3.73)		4.35		2.76	
Gain (loss) on remeasurements of defined benefit plans	-		-		0.53			
Other comprehensive income for the year, net of tax	(5.09)		(3.73)		4.88		2.76	
Total comprehensive income for the year	405.14		382.22		407.61		354.13	
Total comprehensive income (expense) attributable to								
Owners of the parent	405.87		376.85		407.50		354.07	
Non-controlling interests	(0.73)		5.37		0.11		0.06	
Total comprehensive income for the year	405.14		382.22		407.61		354.13	

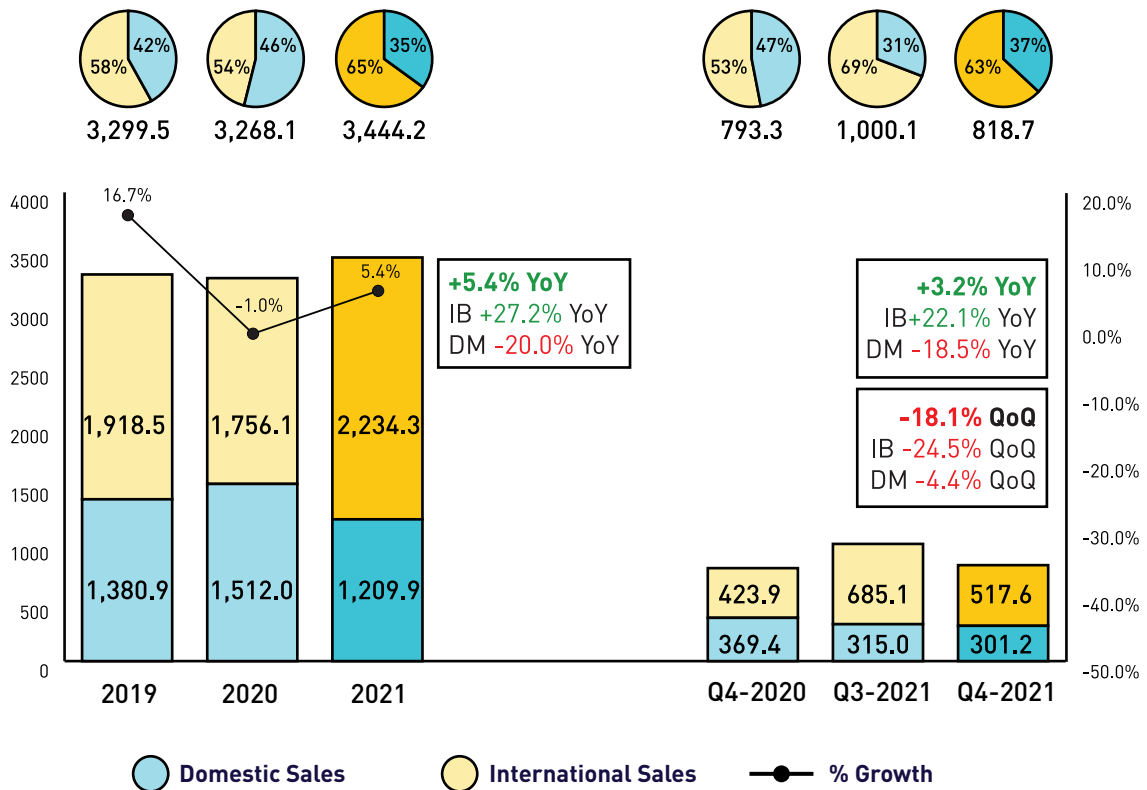
Statement of comprehensive income - Separate financial statements

Statement of comprehensive income	Separate financial statements							
	Year ended 31 December							
	2021		2020		2019		2018	
	million baht	%	million baht	%	million baht	%	million baht	%
Revenue								
Total revenue	3,445.98	100.00	3,042.08	100.00	3,129.33	100.00	2,859.77	100.00
Revenue from sale of goods	3,181.62	92.33	2,991.88	98.35	3,051.48	97.51	2,799.07	97.88
Other income	264.36	7.67	50.20	1.65	65.58	2.10	49.90	1.74
Net foreign exchange gain	-	-	-	-	12.27	0.39	10.80	0.38
Total revenue	3,445.98	100.00	3,042.08	100.00	3,129.33	100.00	2,859.77	100.00
Expenses								
Cost of sales of goods	1,865.64	54.14	1,854.79	60.97	1,888.40	60.35	1,776.19	62.11
Distribution costs	737.88	21.41	423.24	13.91	456.90	14.60	379.57	13.27
Administrative expenses	294.23	8.54	273.15	8.98	265.40	8.48	283.14	9.90
Net foreign exchange loss	13.92	0.40	9.34	0.31	-	-	-	-
Finance Cost	1.77	0.05	2.10	0.07	0.00	0.00	0.00	0.00
Total expenses	2,913.44	84.55	2,562.62	84.24	2,610.69	83.43	2,438.90	85.28
Reversal of impairment loss determined in accordance with TFRS 9	(1.09)	(0.03)	1.65	0.05				
Profit before income tax expense	531.45	15.42	481.11	15.82	518.64	16.57	420.87	14.72
Tax expense	105.27	3.05	94.47	3.11	99.75	3.19	85.61	2.99
Profit for the year	426.18	12.37	386.64	12.71	418.89	13.39	335.26	11.72
Exchange differences on translating foreign operations	-	-	-	-	-	-	-	-
Gains on remeasurements of defined benefit plans	-	-	-	-	0.53		-	-
Other comprehensive income for the year, net of tax			-		0.53		-	
Total comprehensive income for the year			386.64		419.42		335.26	
Total comprehensive income (expense) attributable to:								
Owners of the parent	426.17	-	386.64	-	419.42	-	335.26	-
Non-controlling interests		-	-	-	-	-	-	-
Total comprehensive income for the year	426.17		386.64		419.42		335.26	

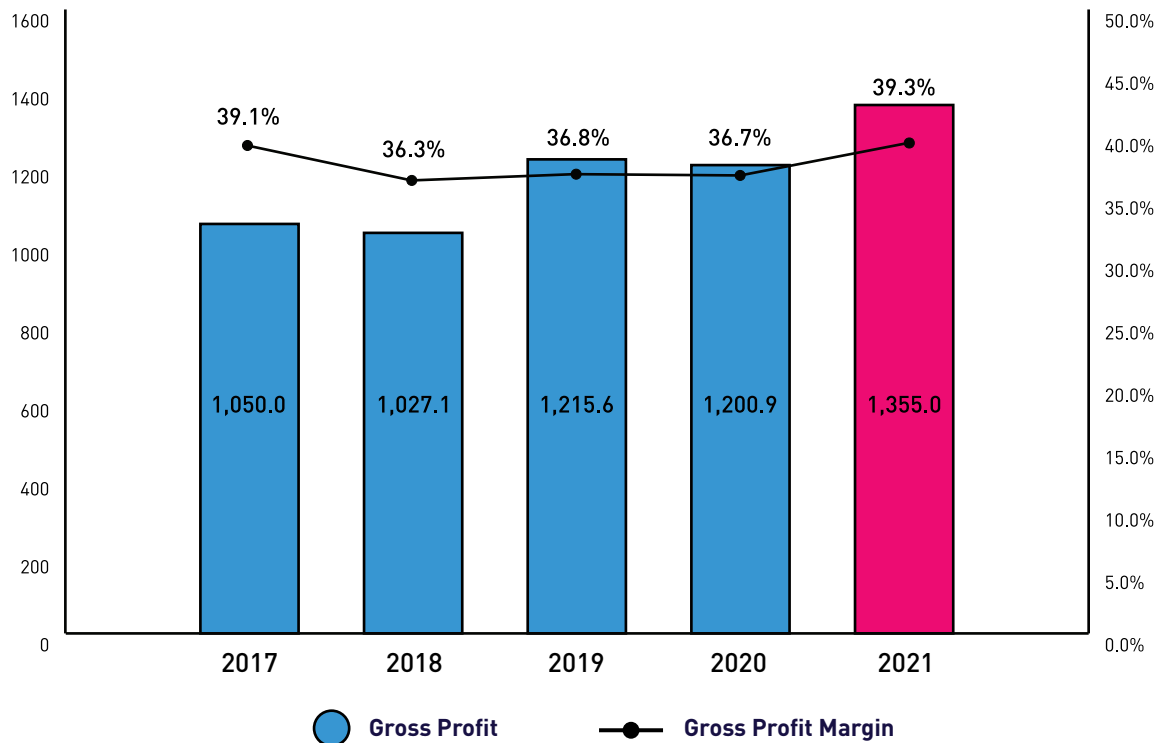
Financial ratios

Financial ratios	2021	2020	2019	2018
Liquidity ratio				
Liquidity ratio	3.39	3.52	3.23	3.33
Quick ratio	2.81	3.05	2.77	2.77
Cash ratio	0.98	0.85	1.12	0.89
Accounts receivable turnover	8.84	8.26	10.94	12.50
Average Collection Period (days)	40.73	43.57	32.91	28.80
Inventory turnover	18.46	26.31	27.01	21.96
Days Sales of Inventory (days)	19.50	13.68	13.33	16.40
Accounts payable turnover	10.48	10.34	11.63	10.44
Day Payable Outstanding (days)	34.36	34.83	30.96	34.50
Cash Cycle (days)	25.87	22.42	15.28	10.70
Profitability ratio				
Gross Profit Margin (%)	39.34	36.74	36.84	36.33
Operating Profit Margin (%)	7.80	13.52	13.14	13.37
Other income to Total Revenue (%)	7.23	1.59	2.28	2.05
Cash to Profit Margin (%)	258.06	122.17	139.65	114.71
Net Profit Margin (%)	11.05	11.62	11.89	12.18
Return of Equity (%)	13.95	13.74	15.59	15.03
Efficiency ratio				
Return on Assets (%)	10.95	10.97	12.76	12.37
Return of Fixed Assets (%)	61.26	54.34	53.56	48.00
Assets turnover	0.99	0.94	1.07	1.02
Financial policy ratio				
Debt to Equity	0.28	0.27	0.24	0.21
Interest Coverage	358.80	170.46	405.83	232.55
Debt service ability	1.79	0.84	1.10	1.13
Dividend Payout (%)	75.68	65.44	49.87	59.77

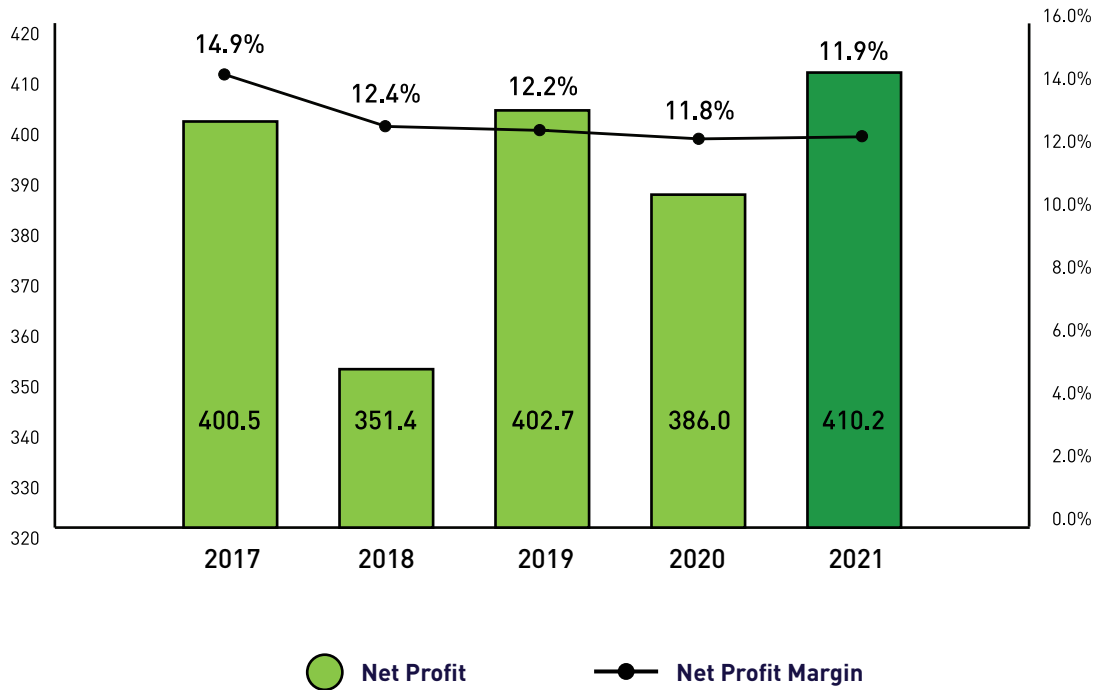
Revenue From Sale of Goods



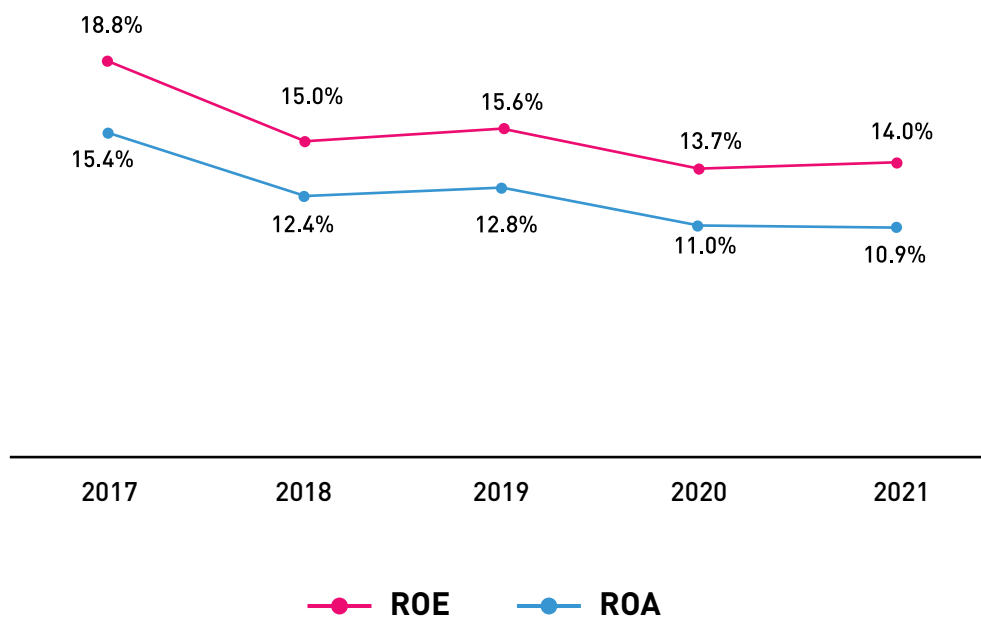
Gross Margin



Net Profit and Net Profit Margin



Return on Asset and Return on Equity



1

Business Operation and Performance

1. Structure and Business Operation of Sappe Public Company Limited

1.1 Policy and Overall Business

SAPPE, Thailand's leading innovative beverage brand, has been running business with a strong determination that "We better people's lives through our innovative spirit," brings innovations to drive the organization to become a creative, energetic and fun company which can be seen through the company's products and corporate culture. SAPPE now has 12 quality product brands in five categories which make the company the leader in Thailand's functional drink market under the Sappe Beauti Drink brand for a long time. The company has products made from raw materials from Thai farmers under the Mogu Mogu, Sappe Aloe Vera and All Coco brands which are available in 98 countries with the main goal to make this Thai brand SAPPE become a global brand.

Five Product Categories

1. Functional Drink. Sappe is regarded as the origin of this category in Thailand with the launch of Sappe Beauti Drink in 2006. Since its debut, Sappe Beauti Drink has dominated the functional drink market for over a decade. The other brands in this category include Beauti Drink Ruby Lady and B'lue vitamin water.
2. Functional Powder. The brands in this category include Preaw Chlorophyll and Preaw Coffee, which is the best seller (sale volume) in the weight-control coffee market.
3. Juice Drink. The beverage in this category is Mogu Mogu, the world's first functional drink made from fruit juice and coconut jelly, which was introduced in 2001. Our top exported juice drink brands in the global market are Gumi Gumi, Sappe Aloe Vera and All Coco Nam Hom coconut juice.
4. Healthier Snack, including Sappe Beauti Jelly, Maxtive functional jelly, Zea Max crispy fish snack, and All Coco coconut pudding.
5. Ready-to-Drink (RTD) & others, including Kru Pensri chewing candy and Sappe x Takabb cough relief shot.

To strengthen its business, Sappe has partnered with potential business allies as follows:

1. 2011: Sappe collaborated with a business partner in Slovakia and established **Sappe Europe s.r.o.** for joint marketing in Europe to push Sappe to become a global brand.
2. 2015: The company established Sappe Hong Kong Ltd. aiming at marketing management in Hong Kong.
3. 2016: Sappe Trading (Hong Kong) Ltd. was established to import, export and distribute products in Hong Kong.
4. 2016: Sappe Trading (Shanghai) Ltd. was established to manage the marketing and product distribution in China.
5. 2016: Sappe acquired shares in Coconut Factory Co., Ltd., now All Coco Co., Ltd., in order to expand the exporting market of coconut water to the global market.

6. 2019: Sappe made a business partnership with MYEN Pte. Ltd. (Danone) to establish Danone **Sappe Beverages Co., Ltd.** and launched B'lue vitamin water.
7. 2021: Sappe made a significant collaboration with **Workpoint Entertainment Public Company Limited** to launch a new product, "Kru Pensri" chewing candy, in two flavors.
8. 2021: Sappe collaborated with Hatakabb, the legendary cough pill company, to create "**Sappe x Takabb**" functional shot which helps relieve cough. It enlivened the functional herbal drink market as a unique product.
9. 2021: Sappe entered digital transformation by acquiring shares in **M Intelligence**, a leading technology consulting company. The acquisition is counted as an investment in the new business which is a global mega trend.

1.1.1 Vision, Mission, Objective and Goal of Business Operation

"We better people's lives through our innovative spirit"

Vision

"Becoming a trustworthy global brand driven by an organization with ceaseless creative ideas along with a team which has fun and hunger for success."

Mission

"We will be an organization of inspiration to deliver the best choice of food and beverage to better people's lives through our innovative spirit."

Objective and Goal

"The company focuses on becoming a leader in the food and beverage business to produce and distribute healthy products for consumers. We also emphasize on new product development and modern and eye-catching packages, and offer quality products as new alternatives for consumers."

The company maintains its business goal in the next 3-5 years with sale growth of at least 10% per year. The growth will come from the company's original business, launches of new innovative products to the market and business partnership with other companies. Additionally, operational strategies will be applied cautiously along with human resources development and efficient working process for business excellence.

The operation will be carried out under good corporate governance in order to achieve the goal.

1.1.2 Significant Changes and Developments in 2021

February

- Launched and distributed **“Mogu Mogu Watermelon,”** a new flavor in the signature Mogu Mogu line, to foreign markets. The drink is made of fruit juice and coconut jelly.
- Launched and distributed **“Gumi Gumi Jelly with Sai Nam Phueng orange juice flavor”** under the concept “Quickly boost immune system with Gumi Gumi Jelly with Sai Nam Phueng orange juice flavor”. The drink is high in vitamin C to boost the immune system and prevent fever while antioxidants can help brighten skin. The product is regarded as a boosting refreshment to make consumers ready for all circumstances.

March

- Signed a Memorandum of Agreement (MOA) with Thai Hemp Wellness Co., Ltd. to promote hemp cultivation in Chiang Rai province. The project aims to encourage local farmers to plant hemp to support the production of fully integrated hemp industry.
- Launched and distributed **“B’lue C 200% in peach flavor,”** a new flavor from the vitamin water products. The new flavor from B’lue is a zero-calorie and sugar-free drink which provides immense health benefits from high vitamin C at 200% as well as vitamin B3, B6 and B12.

April

- Launched and distributed a new flavor from B’lue vitamin water, **“B’lue C 200% in green apple flavor,”** filled with benefit from 4 vitamins. The B’lue green apple is a delicious drink to refresh consumers with full taste of green apple.
- Launched and distributed a new product in the Gumi Gumi line, which is **“Gumi Gumi in Korean peach flavor.”** The new formula of Gumi Gumi offers a new experience for both peach lovers and Korean-style admirers. The Gumi Gumi in Korean peach flavor entertains consumers with maximum peachy smell while chewing large pieces of coconut jelly in the drink.

May

- Launched and distributed **“Beauti Drink Green Relaxing Calm”** under the Beauti Drink brand. The new formula was created to help reduce stress and promote relaxation with scent of terpene which helps improve both physical and mental health. The Beauti Drink Green Relaxing Calm also contains extracts from lavender, chamomile and L-theanine to relieve anxiety and mild pain, and to ease worries for a better sleep. The drink is low in calorie and healthy with no sugar added.

July

- Cemented a partnership between Sappe PCL (SAPPE) and Workpoint Entertainment PCL to launch a new product called **“Kru Pensri”** chewy candy to the confectionery market. The product debuted with two flavors, **“Kru Pensri Spicy Maxx Candy”** (super-spicy guava flavor) and **“Kru Pensri Sour Maxx Candy”** (super-sour tamarind flavor) for customers of all ages, particularly those who enjoy confections, or spicy and sour candies.
- Collaborated with legendary Hatakabb (Sim Tien Hor) Co. to launch **“SAPPE x Takabb”** functional shot, stuffed with various herbs to relieve cough. The product is regarded as an innovative drink that spices up the functional herbal drink market.
- Launched **“Beauti Drink Ruby Lady”** functional shot which was created exclusively for women during their period. The Ruby Lady contains herbs and extracts to help overcome menstrual symptoms under the concept “delicious, easy to drink, drinking, not being frustrated.”
- Launched and distributed **“Maxtive”** coffee with Tibetan Cordyceps and vitamin B complex to help boost energy, especially for health-conscious men. The Maxtive is a special drink containing Cordyceps and vitamin B complex, which are essential for health. This formula from Maxtive coffee is a sugar-free and less-calorie drink with only 70 calories per one cup. It can be a daily drink for those who prefer delicious and refreshing coffee to boost both energy and brain.
- Launched and distributed Preaw coffee in a new formula called **“Collagen Peptide Type 2 Plus”** for those with knee and bone problems. The Preaw coffee in this new formula can help ease pain in knees and knee joints with collagen peptide type II and calcium L-threonate. The nutrients in the Preaw Collagen Peptide Type 2 Plus can also strengthen bones and reduce appetite like in the other formulas.

August

- Launched and distributed **“Gumi Gumi Yoghurt Jelly,”** a new flavor rich in vitamin B (B3, B5, B6 and B12) to help strengthen the immune system, increase appetite, relieve stress and nourish brain. The new drink is also full of minerals to boost energy level.
- Launched and distributed new flavors of creamy Nam Hom coconut soup under the All Coco brand. There are two regular formulas: Creamy Nam Hom coconut soup with soft texture and nice smell of Nam Hom coconut, and creamy coconut and mushroom soup with truffle flavor. In addition, All Coco also introduced three flavors in vegetarian recipe: Creamy Nam Hom coconut soup, creamy Nam Hom coconut soup with pumpkin serving with sweet taste of pumpkin, and sweet creamy Nam Hom coconut soup with corn.

October

- Launched and distributed new sugar-free products, **“Beauti Immu-C”** and **“Beauti Booster,”** in the Beauti Drink line to target health-conscious customers. The Beauti Booster contains chlorophyll, zinc, vitamin E and vitamin B5 to help detoxify a body, reinforce immune and brighten skin. Meanwhile, the Beauti Immu-C has beta-glucan, zinc and vitamin C at 200% and is rich in antioxidants to enhance immune system and promote glowing skin. Both formulas are sugar-free and have only 30 kcal.
- Launched and distributed **“Sappe Aloe Vera Honey-Lemon”** and **“Sappe Aloe Vera Peach,”** created as tasty and healthy drinks for health-conscious consumers, who prefer delicious refreshments. The Aloe Vera drink with honey-lemon allows consumers to experience a sour-sweet drink with refreshing smell and pieces of Aloe Vera pulp. The Sappe Aloe Vera in peach flavor is made to offer consumers special refreshment with natural sweet and nice scent of peach that comes with large pieces of Aloe Vera pulp, allowing them to receive full benefit in every bite. Both formulas are less-sweet drinks to meet the current health-conscious trend.
- Introduced Nam Hom coconut water with coconut meat as a new menu for All Cafe at 7-11 convenient stores. Coconut lovers can enjoy the special refreshment with aromatic scent of coconut water and its delicious meat throughout the day.

November

- Launched and distributed a new refreshment, **“Beauti Colla-C,”** in the Beauti Drink line. The refreshing drink contains 2,000 mg collagen and high with 200% vitamin C to help tighten skin and make it glow but has only 10 kcal of energy. The Beauti Colla-C is sugar-free drink which is more special than regular vitamin water with a double maximum benefit for health. It is among the preferable choice for customers who want to have a better look and be in good health.
- Launched and distributed **“Gumi Gumi Mixed Berries,”** a juicy-jelly drink in mixed berries flavor filled with healthy ingredients. The Gumi Gumi Mixed Berries is made to offer a delectable sweet and sour drink for consumers, and is high in vitamin A to help improve your vision and boost immune system. It is among the top choice for consumers who prefer delicious and healthy sweet.
- The Board of Committee’s meeting, 8/2021, approved a deal to acquire shares of M Intelligence Co., Ltd., the Thai startup company, which specializes in Customer Relationship Management (CRM), data analysis and use of digital technology to help increase sale volume, for marketing and sale strategy as well as all-inclusive service. M-Intel’s digital facilities will also help elevate business operation and customer experience. Under the deal, Sappe PCL currently holds 116,667 or 16.21% of M-Intel shares worth 70,000,200 baht.

December

- Launched and distributed **“Maxtive Coffee with black ginger mixing with L-arginine and zinc,”** targeting male consumers aged over 35 years old with health benefits from black ginger which is one of the most popular herbs for men’s health. Maxtive in the new formula is sugar free and has zero cholesterol with only 70 kcal. This product is convenient to buy and available in the traditional trade channel at an affordable price for the target group.

1.1.3 Company Information

Company	:	Sappe Public Company Limited
Nature of Business Operations	:	Manufacturer and distributor of healthy food and beverages
Office	:	1) Head Office 9/3 Bangchan Industrial Estate, Soi Serithai 56, Serithai Road, Kannayao, Bangkok 2) Branch Office and Factory 8 Moo 7 Tambon Puech-udom, Amphoe Lamlukka, Prathumthani 3) Branch Office 71 S.P. Arcade Building, Ramkhamhaeng Road, Huamark, Bangkok
Registration No.	:	0107556000591
Website	:	www.sappe.com
Telephone	:	0-2319-4949
Fax	:	0-2319-7337
Email	:	ir@sappe.com
Registered Capital	:	308,438,080 Baht, divided into 308,438,080 Common shares at 1 Baht per share
Paid-up Capital	:	306,086,680 Baht, divided into 306,086,680 Common shares at 1 Baht per share

1.2 Nature of Business Operations

1.2.1 Income structure

The Company and its subsidiaries' sales totaled to 3,299.48 million baht, 3,268.1 million baht, and 3,444.2 million baht in 2019, 2020, and 2021 respectively. Classification of sales into product categories are as follows.

Product Category	2021		2020		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Functional Beverage	541.4	15.7	692.3	21.2	547.6	16.6
2. Fruit Juice/Juice Drink	2,468.7	71.7	2,082.9	63.7	2,265.0	68.6
3. Functional Powder	242.6	7.0	247.5	7.6	296.9	9.0
4. Other Ready-to-Drink (RTD)	47.4	1.4	25.5	0.8	31.5	1.0
5. Healthier snack	144.1	4.2	219.8	6.7	158.4	4.8

In 2021, the Company's sales proportion between domestic sales and overseas sales was 35:65.

Sales	2021		2020		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Total	3,444.2	100.0	3,268.1	100.0	3,299.5	100.0
Domestic	1,209.9	35.1	1,481.3	45.3	1,377.8	42.0
Overseas	2,234.3	64.9	1,786.7	54.7	1,921.7	58.0

The domestic distribution channel consists of 5 main channels:

1) Modern Trade, such as convenience stores, supermarkets and hypermarkets.

2) Traditional Trade, through distributors to traditional wholesaling / retailing stores.

3) Out of Home, through special channels e.g. hotels, restaurants, cafes, airports, golf courses, gyms, universities, food courts, health stores, and sport stores etc.

4) E-Commerce, through Social Media Platform such as Facebook Fanpage, Sappe LINE Official Account (line@sappe) or Popular Market Place Platform such as Shoppe and Lazada

5) Brand Activation & Selling, the company developed product distribution through a mobile sale team, so called "commando squad," by adding product introduction to this channel. Thus, the Sappe's commando squad would sell and introduce products at the same time when they distribute products in Bangkok and nearby provinces.

Overseas distribution channels include 1) Subsidiary, 2) Importer and 3) Local distributors in 98 countries in Asia, South East Asia, Middle East, Europe, Africa, North America and South America. In 2021, the International sales was 65% of total sales revenue, breaking down into 37% Asian countries, 16% European and American countries and 12% Middle East and other countries.

1.2.2 Product Information

(1) Nature of Products or Services and Business Innovation Development

SAPPE, Thailand's leading innovative beverage brand, has been running business with a strong determination that "We better people's lives through our innovative spirit," brings innovations to drive the organization to become a creative, energetic and fun company which can be seen through the company's products and corporate culture. The important strategy, which is a core in the innovative development of the company's products, is to use the three parts of its "Innovation Strategy" to strengthen its business performance. The first part is In-house Innovation, or innovative products created by Sappe's team players. Their creative ideas have been developed to become the best items for the market.

In 2021, we launched a number of smashing SKUs in the beverage market, such as Sappe Beauti Drink Green Relaxing Calm, vitamin water plus Beauti Colla-C, Beauti Immu-C and Beauti Booster, and Ruby Lady herbal drink for women during their period. The second innovative strategy is Business Partnership which is collaboration with potential partners to launch cool items to the market. Kru Pensri candy is among the fantastic products under the collaboration with Workpoint Entertainment, while the cross-business partnership with leading cough pill maker Hatakabb led to the launch of Sappe x Takabb, a cough-relief drink that caused overwhelming sensation in the market. However, Sappe's paramount deal of 2021 was the acquisition of shares in M Intelligence, a Thai startup tech company which aims to become Asia-Pacific's leading marketing technology advisor. The third part is Inno Studio, operated by a team which is open to creative ideas and connects them with local goodness, SMEs and external innovations. This year, we provided research funds to Srinakharinwirot University and Rajamangala University of Technology Thanyaburi. We also signed a Memorandum of Agreement with Thai Hemp Wellness Co. to promote hemp cultivation to get ready for the hemp trend. In addition, we also made Sappe Together hand sanitizing gel which is an output from quality materials from Thai farmers.

SAPPE currently has 12 quality product brands in five segments to respond to consumer needs. The brands being distributed in both domestic and oversea markets are as follows:

1. Functional Beverage Segment

- **Sappe Beauti Drink.**

A pioneer and leader of functional drink for women's health and beauty, Sappe Beauti Drink is a delicious sugar-free beverage, with nutrition benefits and low in calorie. It was created exclusively to boost women's health and beauty from head to toe.

- **B'lue.**

A new creation of fruit flavored vitamin water, rich in vitamin B3, B6 and B12. The B'lue brand, developed by Danone Sappe Beverages Co., Ltd., is a product that matches a new generation's lifestyle with distinguished and modern packaging. Besides, B'lue vitamin water also attracts consumers with its flavorful taste and beneficial ingredients to respond to dynamic consumers who prefer water plus or flavored water to plain water. The brand also offers sugar-free formula as new choice for health-conscious consumers.

2. Functional Powder Segment

- **Preaw Coffee and SlimFit Coffee**

The top-selling in weight control coffee for health and beauty created by Preaw offers various formulas to meet consumer needs.

- **Preaw Chlorophyll**

Chlorophyll powder imported from Japan with detoxifying quality.

- **Maxtive Coffee**

Special coffee for men's health in two formulas: Maxtive with cordyceps and Maxtive with black ginger.

3. Fruit Juice/Juice Drink Segment

- **Sappe Aloe Vera**

Fruit juice mixed with aloe vera in various flavors. The Sappe Aloe Vera drink has been popular among customers for a long time with its taste and big aloe vera pulps.

- **Mogu Mogu**

The first fruit juice with coconut jelly in the market, known as the origin of the "chewable drink" which offers a new experience in the global beverage market. Mogu Mogu is exported to over 90 countries worldwide. With its unique taste and exceptional package, customers around the world like it. Additionally, the big aloe vera pulps are selected to meet export requirements and distributed in bottles of 320 ml and 1,000 ml. The product has been growing during the COVID-19 pandemic, due to an increase in consumption at home.

- **Gumi Gumi by Mogu Mogu**

Fruit juice with coconut jelly is distributed only in the domestic market for loyal customers of Mogu Mogu, now a global brand which is popular and available in more than 90 countries worldwide. Gumi Gumi also maintains the Mogu Mogu brand's strong point with big pieces of coconut jelly which allow customers to chew them with fun under export standards.

- **All Coco**

Nam Hom coconut water (aromatic coconut water) from the best cultivated area in Banphaeo district, Samut Sakhon province. All Coco coconut water is processed to preserve its best quality, taste and freshness.

4. Healthier Snack

- **Sappe Beauti Jelly**

Thailand's first innovative jelly product created to bolster Sappe's portfolio to compete in the premium mass market. Sappe Beauti Jelly is a special snack full of essential ingredients for health and beauty.

- **ZeaMax**

A crispy grilled fish snack with 90% of marine fish meat, which is higher than competitors in the market. Instead of frying fish, ZeaMax is made by grilling fish to have crispy and fat-free meat. This delicious snack is rich in Omega 3, 6 and 9 which are essential for a body system and meet the needs of health-conscious customers.

- **Maxtive**

An innovative “energy gel” product in a pouch which targets consumers who love all types of exercise. Maxtive functional jelly has Gros Michel banana (Kluai Hom Thong) as its main ingredient. The quality bananas are from the farmers under the support of Sappe as Gros Michel banana is among Thailand’s top exporting fruits. It contains BCAA, vitamin B3 and B6 that help improve nerve function and ease muscle spasm symptoms. Maxtive energy jelly generates 200 calories per one pouch.

- **DeNosh**

An innovative product in the form of organic soy pudding, full of benefits from black sesame and chia seed as health boosters. Consumers can easily fill beneficial nutrients into bodies anywhere, anytime.

- **Gumi Gumi Jelly**

Fruit jelly mixed with carrageenan and konjac under the Gumi Gumi brand was created to promote Sappe’s portfolio to compete in the mass market. The delicious jelly makes your stomach full with healthy ingredients with notable selling points to respond to consumer needs amid the COVID-19 pandemic. Gumi Gumi jelly, in lychee and grape flavours, is high with vital vitamins to improve a body system. Gumi Gumi lychee jelly reflects Sappe’s taste identity and is rich in vitamin C to help boost immunity and collagen while Gumi Gumi grape jelly contains vitamins to improve brain function and nerve system. The mellow grape jelly can also help ease irritability and stress.

- **Preaw Pudding**

Preaw Pudding with konjac is Thailand’s first pudding in pouch, ready to eat in Taiwanese milk tea and macchiato flavors. Consumers can enjoy a taste of milk tea in Taiwanese milk tea flavor while macchiato flavor is delicious with an intense coffee taste. They generate only 40 kcal of energy with no sugar added. Health-conscious consumers can enjoy them anytime without feeling guilty.

- **All Coco Pudding**

The product is a result from the success of organic Nam Hom coconut, offering healthy dessert with three unique touches of All Coco Pudding.

5. RTD & Others

- **Kru Pensri Candy**

The product is from Sappe’s achievement in its partnership with a business ally, Workpoint Entertainment, to create an innovative item for the confectionary market. Kru Pensri chewing candy is made with the strong points of the two companies. It offers mouth-watering candy in two unique flavours, Kru Pensri Spicy Maxx and Kru Pensri Sour Maxx.

- **Sappe x Takabb**

The product is from a collaboration between two companies with different fames and expertise like Sappe, Thailand’s functional drink leader, and Hatakabb, which has been making the popular cough-relief pills for more than 80 years. The Sappe x Takabb functional shot was launched in 2021 with qualities in relieving cough and soothing a throat with various herbs like monk fruit, licorice, lime and Indian gooseberry. This easy to drink refreshment also contains vitamin C at 100% which gives you confidence that you will be free from an irritated throat. Sappe x Takabb soothes your throat at the first sip as we select fine Thai herbs and maintain both the taste and scent of Hatakabb cough pill. This innovative refreshment is delicious and easy to drink and helps relieve sore throat anytime you need. Sappe x Takabb is listed as a supplement so it can be used on a daily basis. You can drink a whole shot in one time or sip it when you have a sore throat.

Business Innovation Development

Sappe emphasizes on research and development of new products, focusing on creating different ones to meet consumer needs both in domestic and international markets. The company has been regularly conducting consumer research and brainstorming with the relevant divisions and stakeholders both inside and outside the organization, including customers and trade partners as well as making business partnership to increase the opportunities and competitive potential. This is demonstrated by the launches of new products which are existing brand extensions that the company has been continuously launching every year. In addition, Sappe has also collaborated with potential companies in co-branding projects to mutually promote business performance by introducing new products to the market, such as Sappe x Takabb herbal functional shot and Kru Pensri candy under the Sappe x Workpoint partnership.

To respond to consumers’ health-conscious trend and dynamic environment, the company has faith in innovation development by Thais and eyes developing products from outside the firm. Therefore, Inno Studio was established to seek and to “jointly” create more innovations by working with SMEs, startup companies, community enterprises, research institutes, schools and leading universities across the country. The main focus is food and beverage products for the future, such as the studies about plant-based food, nutraceuticals and functional food which contain additional benefits apart from normal nutrition. The year 2021 was also the beginning of seeking innovations from overseas organizations.

Regarding commercial disruption from COVID-19, which affected normal distribution channels, particularly the company's offline channels, Sappe has turned its focus to online platforms, making E-commerce/social commerce in 2021 grew by leaps and bounds at 604% comparing to the year before. Although this was not considerably high comparing to the sale revenue, the online platform has the potential to significantly grow in the future. In November 2021, Sappe acquired 16.2% of shares in M Intelligence Co., Ltd. (M-Intel), a Thai startup company specializing in solution in Customer Relationship Management (CRM), data analysis and digital technology, which will help improve the company's ability to reach consumers through technology. With the share acquisition in M-Intel, Sappe targets marketing and increase sale volume with efficiency and effectiveness. Additionally, getting closer to consumers is also vital, along with expanding Sappe's business to grow sustainably in the future.

The cost of research and development, an additional investment in a mini factory to be used as a small production base for other products apart from the beverage production, and the investment in M-Intel was worth 174.5 million baht in the past 3 years.

(2) Marketing and Competition

In 2021, the company still encountered challenges to grow due to domestic and foreign factors, particularly the global economic slowdown and recession caused by the prolonged and mutated COVID-19 outbreak. However, the foreign market has quickly improved following an economic recovery reflecting from the consumers' purchasing power after receiving vaccines. The Middle East, Europe and the U.S. markets have shown outstanding growth, prompting the company to make further moves. Despite the obstacle about increased freight fees, the company closely managed the issue for a smooth process.

The domestic market has been affected by the COVID-19 crisis, ranging from economic slowdown, recession, lockdown and health protocols imposed by the government to handle the pandemic.

The overall domestic beverage business in 2021 decreased by 5.2% from 2020, resulting in a significant contraction of the domestic sale. However, the company still had a 38.5% market share in the functional drink segment, according to The Nielsen Company (Thailand) Ltd.

Another product category, which has been continuously in the interest of consumers with an increase in new players in the market, is functional drinks in glass bottles as they meet the needs of consumers who prefer immunity-boosting and delicious products. To achieve our business goal, the company has been developing products by adding required ingredients for consumers and making brand collaboration to jointly produce and develop products with leading companies, such as Hatakabb (Sim Tien Hor) Co., Ltd. The collaboration between Sappe and Hatakabb has resulted in the

debut of Sappe x Takabb, a functional shot to relieve cough. More products in this category include Beauti Drink Herbal Series like Ruby Lady and sugar-free water plus with vitamin C.

In addition, the company stands firm to push business to grow in the positive direction through marketing research and consumers' requirements. To create and develop products to respond to consumer needs and become new choice for consumers who are more complicated and diverse, the company partnered with Workpoint Entertainment, Thailand's leading media and entertainment company, to develop Kru Pensri candy in spicy and sour flavors. The product has been distributed at 7-11 convenience stores nationwide and received positive feedback from consumers in terms of the product itself and marketing activities. The company is preparing to expand the distribution to traditional trade both in Thailand and overseas in the future.

The traditional trade in the domestic market significantly grew due to the government's relief scheme to ease public burden during the COVID-19 outbreak. In order to respond to the surging growth, the company has been launching new products to health-conscious consumers through this channel, such as Gumi Gumi Jelly, Preaw Coffee Collagen and Maxtive with Cordyceps.

E-commerce is another distribution channel which has grown continuously in the domestic market as consumers have adjusted their behavior in the post-pandemic period. It is clearly demonstrated that a restructure of distribution has truly strengthened the domestic distribution channel.

Overall Marketing and Competition in Each Category

1. Functional Beverage Segment

1.1 Sappe Beauti Drink

In 2021, Sappe still maintained its concept of "Because Beauty is not Coincidence" with a strong belief that "All women have beauty and wellness within." As the company is determined to develop various products to promote beauty and respond to the health-conscious trend among the women nowadays, Sappe this year launched three new products under the Sappe Beauti Drink brand as follows:

1. Sappe Beauti Drink Green Relaxing Calm with Terpene

The new formula drink that spiced up the beverage market, created to please the new generation and to test the trend after the removal of some herbal plants from the narcotics lists, such as cannabis. The terpene-scented refreshment was developed from the success of the "blue water" Sappe Beauti Drink in relaxing calm formula that becomes widely popular in the market as the "laughing water" as a large number of people tasted it and tested their laughs until the products ran out of stock. To lift the degree of fun, beauty and wellness, the company added terpene which is the scent of cannabis into the drink with the aim to upgrade excitement of the product in the market.

2. Sappe Beauti Drink Ruby Lady

In 2021, Sappe created a phenomenon again by launching the Beauti Drink Ruby Lady functional shot exclusively for women during their period. The Ruby Lady drink was the debut of a product in a new series under the Beauti Drink brand, which is rich in herbal benefit and antioxidants but still easy to drink. Extracts from dong quai, safflower and black pepper are mixed with pomegranate juice to create tasty-savory refreshment which is more refreshing when it is cold. The sugar-free drink, with only 15 kcal, is a hot item to help women overcome their menstrual symptoms smoothly and beautifully.

3. Sappe Beauti Drink “Less Sweet Series”

Due to the rising health-conscious trend among the vitamin water category which is highly competitive and keeps growing, Sappe found that none of the existing products in the market is made particularly for women, prompting the company to come up with a creative idea. As Sappe is widely known as a health-oriented brand and well connected with women, it launched the “Vitamin Water plus Functional Benefit for beauty and good health” exclusively for women under the “Less Sweet” concept in the Beauti Drink brand. The three formulas in the Sappe Beauti Drink Less Sweet series are as follows:

- Beauti Immu-C with high vitamin C 200%
- Beauti Booster with high chlorophyll
- Beauti Colla-C with collagen and vitamin C

1.2 B'lue

The year 2021 was regarded as a highly competitive year for water plus products, due to an increase in players since 2020 and the rising healthy trend during the COVID-19 crisis. This made competition fiercer particularly in prices. To respond to the needs of consumers, B'lue has developed products and launched B'lue with vitamin C and sugar free formula which received a good response from consumers. The brand also chose Nont Tanont, a famous singer who is popular among teenagers, and who has a large number of devout fans and supporters to be the Brand Ambassador. Additionally, the marketing communication activities have been carrying out through online and offline, plus a collaboration with a film enterprise to launch limited edition products at the end of the year. Hence, B'lue was able to maintain its market share in the difficult situation.

2. Fruit Juice/Juice Drink Segment

2.1 Sappe Aloe Vera

In 2021, Sappe Aloe Vera launched new flavor products to the market with modern and fun design in line with the health trend with an adjusted formula to be less sweet and low in calorie. However, the Sappe Aloe Vera drink still maintains its selling point with big juicy aloe vera pulps. The new formulas are:

- Sappe Aloe Vera in Honey Lemon flavor
- Sappe Aloe Vera in Peach flavor

Both formulas generate energy only 35 kcal, making them become eye-catching products which respond to people of a new generation who like new things and good health. The big pulps of aloe vera can also increase a fun experience in this chewable refreshment.

2.2 Mogu Mogu and Gumi Gumi by Mogu Mogu

From the success of Gumi Gumi jelly products launched in the previous year, the brand introduced three new flavors for the growing market and an increase in the number of consumers in various groups. The three new flavors are:

- Gumi Gumi Jelly Orange with Vitamin C
- Gumi Gumi Yoghurt Jelly with Vitamin B Complex
- Gumi Gumi Mixed Berries with Vitamin A

All three flavors are being distributed through traditional trade at retail shops in the communities nationwide, targeting children, youth and a new generation, who like delicious and innovative snacks at an affordable price.

2.3 All Coco

In 2021, All coco rapidly grew in E-commerce, particularly the online platform. The key strategies are seeking new customers and retaining loyal customers via subscription (for coconut water with high pressure processing and pudding) to facilitate customers' consumption.

In addition, the brand has developed new products for consumers to conveniently have them at home such as putting the No.1 best-selling All Coco Snowflake in pouch. Another coconut products are plant-based soup coming in two flavors, creamy coconut and coconut with truffle. All Coco soups are also available in three vegetarian formulas - pumpkin, corn and coconut during the vegetarian festival.

Despite the unusual situation this year, the All Coco brand still offered special alternatives for customers during the lockdown and to increase consumption at home through menus and recipes with ingredients from All Coco, such as coconut meat and coconut water via online platforms, ranging from Facebook, Instagram and Line. The brand also partnered with business allies, including Siam Makro to present menus made from coconut and products distributed in Makro stores.

3. Functional Powder and Other RTD Segments

3.1 Preaw Coffee

To underline the continuing success from distribution in all platforms of E-commerce aiming to have more access to Preaw coffee consumers, the brand in 2021 conducted research to develop the product in response to the marketing gap in E-commerce sales. The research led the brand's team to acknowledge the true problems of consumers that overweight is linked to knee pain as the body weight puts additional pressure on the knees. Thus, Preaw Collagen was invented to deal with this issue, using Collagen Peptide Type II as the key ingredient as it can help strengthen and nourish collagen at knee joints.

3.2 Maxtive Coffee

Following the success of Sappe Beauti Jelly products which were created for female consumers, the company has aimed to closing the marketing gap by expanding the product line to health-conscious men who care about their health and bodies in all lifestyles. In 2021, the Maxtive brand launched coffee powder in two formulas as follows:

- Maxtive Coffee with Cordyceps
- Maxtive Coffee with Black Ginger

They were made under the concept of “energy boosting coffee” with herbal extracts to improve body conditions and help consumers to be more refreshing in all activities.

3.3 Maxtive

As the health-conscious and fitness trends keep growing significantly, a group of people looking for relevant products have emerged as they want to cope with the challenges in exercise as well as conducting rigorous activities for a long period. One of Sappe's fast growing products is Energy Gel which helps increase blood sugar level and allow the body to absorb it fast to boost energy for continuous rigorous activities. Therefore, the company launched “Maxtive Banana” using innovative energy gel from local fruit like Kluai Hom Thong (Gros Michel) as a key ingredient. The Gros Michel banana is delicious, easy to eat and reflects Thai identity. It is also easily absorbed into the body and become energy booster for long rigorous activities. The product is being distributed through the E-commerce platform to target niche market of exercise-loving consumers or those having rigorous activities for a long period.

3.4 Sappe x Takabb

From a collaboration of two companies with different notabilities and expertise like Sappe, Thailand's leader of functional drink and Hatakabb, the legendary cough-pill maker, Sappe x Takabb was introduced to the market in 2021 to help ease cough in an innovative way. A bottle of Sappe x Takabb can relieve sore throat with various herbs like monk fruit, licorice, lime and Indian gooseberry plus high vitamin C at 100%. It is easy to drink, and fill confidence for consumers everyday with worry-free about sore throat. The outstanding character of the product is soothing your throat moist at the first sip as we select fine herbs as ingredients but still maintain scent and taste of Hatakabb cough pills. Thus, the Sappe x Takabb functional shot holds the qualifications of easy-to-drink, delicious, moistening and easing sore throat when needed. Since the product is a supplement, consumers can drink a whole shot in one time or sip it when you have a sore throat.

Characteristic of Customers and Target Groups

Sappe's customers are varied, depending on particular products but all of the items are able to cover all target groups, ranging from gender, age, occupation and interest, lifestyle and level of income as listed below:

Products	Target Customers
Sappe Beuti Drink	<ul style="list-style-type: none"> • Health and beauty conscious women.
B'lue	<ul style="list-style-type: none"> • Teenage group or people of working age with young spirit who look for new and sensational things but care for health and seek items that meet their lifestyles.
All Coco	<ul style="list-style-type: none"> • People who care about health and look for the best item in the market to meet their requirements of taste, benefit and social image.
Sappe Aloe Vera Drink	<ul style="list-style-type: none"> • A new generation in all genders who are passionate about novelties and pleasure and prefer a delicious and refreshing product with aloe vera pulps.
Preaw Coffee	<ul style="list-style-type: none"> • Ready mix coffee powder for health and beauty conscious women
Preaw Pudding	<ul style="list-style-type: none"> • A new generation of both teenagers and working people who love snacks but still care about health.
Preaw Chlorophyll	<ul style="list-style-type: none"> • Ready mix chlorophyll powder imported from Japan for health-conscious consumers of all ages.
SlimFit Coffee	<ul style="list-style-type: none"> • Ready mix coffee powder for health and beauty conscious women, available in an affordable price.
Sappe Beuti Jelly	<ul style="list-style-type: none"> • Jelly products for young people of all ages, who want to take good care of their health.
ZeaMax	<ul style="list-style-type: none"> • Teenagers and working people who like to have snacks but prefer being healthy.
Maxtive	<ul style="list-style-type: none"> • Health-conscious men who want to boost confidence
DeNosh	<ul style="list-style-type: none"> • A new generation, both teenagers and working forces who love being healthy.
Sappe x Takabb	<ul style="list-style-type: none"> • Mid-aged and elderly groups who are familiar with the brand, which has been developed and being presented in an innovative pattern.
Kru Pensri	<ul style="list-style-type: none"> • Students and working people, being influenced by social media and look for candy with creative flavors.
Gumi Gumi Jelly	<ul style="list-style-type: none"> • The new generation ranging from school-age to working age who like having sweet as a snack but favor the delicious and refreshing item, full of benefit and make stomach full. The affordable price is also preferable to make it the routine snack.
Mogu Mogu and Gumi Gumi	<ul style="list-style-type: none"> • General people who prefer the delicious, refreshing product added with coconut jelly.

Sale and Distribution Channels

In 2021, the company's products were distributed to both domestic and foreign markets around 98 countries worldwide. The proportion of the domestic market was 35% and that of the foreign market was 65% of the total sales.

• Domestic Distribution Channels

Thailand's beverage business in 2021 was in a recession as a result of the prolonged COVID-19 outbreak. The pandemic impact has made the economic growth continue to be in a decline since early 2021. Also, the difficulties in goods transportation have pressured the business operation to encounter challenges more than the past year. However, the company still continued developing and introducing new products to the market through its main sale channels as follow:

1) Modern Trade: A direct sale to the following modern trades:

- Convenience stores, such as 7-11, Family Mart, Lawson 108, Jiffy and stores inside petrol stations like Susco and PTT.
- Hypermarkets and supermarkets such as Tesco Lotus, Big C, Tops, MaxValu, The Mall and CJ Express.
- Cash & carry stores such as Makro.
- Beauty stores such as Watsons and Boots

The company will send products to the clients under agreed deals, in which products will be first sent to the clients' distribution centers before being distributed to their branches. In addition, the company emphasizes presentation and display of products in stores by dispatching teams to handle the issue. The Sappe products will be presented on the shelves by categories to help consumers find what they want conveniently and have sufficient stocks.

During the COVID-19 outbreak, hypermarkets particularly Tesco Lotus and Big C as well as supermarkets were highly popular among consumers due to a variety of products and sufficient stocks. However, convenience stores were severely affected in 2021 and the operators tried to solve the problem by adding home delivery to their sale channels, and Sappe items were included in this convenient option for consumers.

The company developed the coconut water with meat which is available at 7-11 convenience stores. The creation was introduced as a coconut refreshment menu available at 2,376 branches of All Cafe at 7-11 stores.

Additionally, the company focused product presentation in stores and made stocks full both in regular shelves and special areas, as well as in the refrigerators to be ready for consumers.

2) Traditional Trade: Products distributed to retail stores nationwide through the company's sale distributors. In 2021, the company increased distributors to three categories as follow:

2.1) National Distributors: Two national distributors in this category are external legal entities without connection with the company. The two distributors act as wholesalers who distribute products to retail stores across the country and oversee the company's products for sale.

2.2) Local Distributors: Oversee only designated areas to extensively enhance distribution while increasing frequency in visiting the stores in the strategic areas. In 2020, the company had 11 local distributors but still sought for opportunities to partner with the distributors in the pharmacy business to create chances to access to new product categories which were launched in 2021.

2.3) Specialty Stores: The company's employees are the salespersons to distribute products to beauty salons, schools, restaurants, wholesale stores and their branches, as well as automatic vending machines with the stores different from those overseen by the official distributors.

The three traditional trade formats remain unchanged and the company also added another channel to place order, which is the Line official account. An order via the Line official account can be made in case that stores are located outside the responsibility of the company's distributors.

3) Out of Home: During the pandemic when out of home consumption was restricted as were certain activities, the company used this opportunity to further study new distribution channels. So, after the COVID-19 measures were relaxed, the company could deliver goods to golf courses, fitness gyms and Central department stores' food courts.

The company also added more home delivery channels, such as Freshket and pharmacy stores.

4) E-Commerce: In 2021, the company increased products distributed through Facebook, especially the new brands such as Sappe x Takabb and Maxtive Banana, which received positive feedback from sports-loving consumers even though they are not brand-new products.

5) Brand Activation and Selling : Due to the COVID-19 outbreak, the company has sought possible ways to reach customers in particular spots, including flea markets and factories and come up with new development. The company developed product distribution through a mobile sale team, so called "commando squad," by adding product introduction to this channel. Thus, the Sappe's commando squad would sell and introduce products at the same time when they distribute products in Bangkok and nearby provinces. Apart from this, the company have used new methods which are popular in E-Commerce such as "mystery boxes" to boost sales.

For new products, the commando team has added activities to give away products and allow people to taste them.

Also, the company has developed a brand activation channel (during the situation when modern trade is unavailable) by providing products at vaccination centers, via famous and popular restaurants through home delivery orders and pharmacy stores. The products were distributed in special prices over brand activation and selling.

• International Distribution Channels

In 2021, the export business faced challenges in exporting products due to the second or third wave of the COVID-19 outbreak in several countries, particularly China, which is the center of container fleets and shipping to many destinations. The impact reduced the number of containers and ships used for imports and exports. This made the freight fee higher than 2020 and had a 10-time increase in some countries. The rising cost directly affected the global price structure and supply chain. However, the efficient vaccine management in key countries worldwide helped the overall economy of the foreign markets gradually recover. Confidence from long-standing business partners also brought about smooth distribution, including joint sale promotions and having enough stocks in each country to prevent the partners from losing sale opportunities if the situation in particular countries improves.

Aside from the distribution of the main brand Mogu Mogu, the company still carried on the risk reduction strategy from 2017 to 2021 by continuously increasing sale proportions of the other brands. Those brands include Sappe Aloe Vera, Sappe Beauti Jelly, All Coco, B'lue and Kru Pensri in order to access other groups of consumers in each country. For the distribution in Europe, SAPPE Europe s.r.o. still aimed at distributing Sappe Aloe Vera products in the region more extensively.

Competition Strategy

The company has set both short- and long-term strategies to respond to the needs of markets and consumers to be in line with the ever-changing technology trend and competition. The strategies are planned and coordinated by the entire organization, and not only the sale and production departments but also other supportive parts, to create and produce high-quality and tasty products to meet consumer needs for health, beauty and trendy lifestyle. Incessant improvement and development of the manufacturing procedure are also included in the strategic planning. In 2021, the company introduced Mogu Mogu Reduced Sugar as a new product in the fruit juice/juice drink category in an effort to upgrade Mogu Mogu, Sappe's flagship brand, to meet the requirements of a new generation and to ease the sugar tax burden for trade partners in several countries.

Moreover, the company still emphasized the development of the organization and staff to make them enjoy working and keep learning about research, production, shipment and overall environment to increase working capability amid the COVID-19 crisis. Besides, the company has been developing products for high quality and variety. The key objectives of development include responding to the need of consumers in all groups, ages and occasions, through the company's products, and build confidence as well as brand loyalty and brand value for the products. The strategies of marketing competition are as follow:

• From Thai brand to global brand

Sappe's executives and a working group have set the business direction of the company and product development to make Sappe a global brand. As one of the key players are the employees, the company, therefore, arranged training courses for them conducted by experienced people including the executives and guest speakers. Furthermore, the company also tried to make the staff understand the direction as they play a role of image builders and represent all brands of the company in moving towards to a global brand. This focus is not a short-term target but a creation of organizational DNA for all players to unite and cooperate to build a sustainable corporate culture.

For the foreign market, the company planned strategies and brand investment for each country differently, depending on the readiness of the market considering from size, growth rate, product distribution coverage in different channels and trade partners. Strategies have been planned to suit competition and consumer needs in each market. The company did more marketing through the digital platform and encourage consumers in particular countries to interact and love the brand, or introduce it to friends and buy the products through the online platform during the Covid lockdown.

• Partner Relationship Management

Sappe has established good relationships with business partners in all countries by adhering and emphasizing the "win-win" principle, leading to business expansion in over 98 countries across

the globe. In the relationship management, the company does not treat the partners only as importers or distributors but representatives to build and promote the brand together with the company.

Moving in the same direction of the company and partners is always vital to jointly drive business to success. The company will support and give advice in building brand foundation and branding through information exchange to develop a complete "marketing mix." The company also created the Partnership Platform to develop and select partners for business expansion and branding in steps to become a global brand.

In addition, the company has bolstered the relationships with the partners through operational performance analysis and efficiency assessment of joint activities in every quarter of the year. The outcome has been given to the partners to be used in planning and applying to their business in the future. The company also enlarged the working network with the partners, including the teams responsible for product stocks, procurement system and accounting, to make the joint business running smoothly.

• Good Product Development with Consumer Oriented

The company has been considering consumers as the top priority, so, it is determined to develop quality products and emphasize on consumers' benefit. The two principles have been the company's strength from past to present, and have been counted as our key points of the success for over a decade.

The company always sells high-quality products with health benefits, values and reasonable prices for target groups, for utmost satisfaction of global customers with different needs. Furthermore, the company has been developing and inventing new products through marketing research in order to insightfully understand customer needs with focus on "customer insight" for consumers in each country to "win local" with products, packaging and marketing.

Regarding product development for new consumer groups in business expansion and to build sustainability in the future, the company has studied market trends and consumers, as well as new technology in food and beverage production both in Thailand and overseas to develop innovations. However, Sappe still maintains its speciality which is the company's identity to offer "preferred choice" for consumers who are regarded as the "heart" of the company's operation.

(3) Procurement of Goods and Services

Manufacturing Facility

Currently, the company's manufacturing base is at the Khlong 13 factory at No.8, Moo 7 in Puet Udon Sub-district, Lam Luk Ka District of Pathum Thani Province on a plot of 154 rai, five ngan and 82 sq. wah. Construction of the factory started in 2010 and the manufacturing operation began in 2012. The factory is well-equipped with advanced technologies including modern machines and tools that help protect the environment by reducing pollution.

The Klong 13 factory compound consists of two manufacturing buildings and a warehouse. The first building is equipped with machines to produce functional drink, fruit juice and fruit-flavored refreshments in four production lines, with a maximum production capacity of 136,078 tons per year. The second building is equipped with machines for the functional powder category with a maximum capacity of 1,100 tons per year. The production line of the pouch product category has a maximum capacity of 2,400 tons a year, plus three more sub-production lines for new products development to be in line with the company's business plan in the future.

With the strong will to protect society and environment, we installed on-grid solar rooftops with 2,408 kWp to connect with the power system of the electricity authorities (without battery).

For the quality policy, the Khlong 13 factory obtained standard certificates of GMP HACCP, ISO9001:2015, ISO14001:2015, HALAL MUI, HALAL CICOT, KOSHER, and has passed the assessment from both public and private organizations, such as USFDA, U.S. Army and KFDA.

Throughout the business partnership with Danone group, the company still maintains production standard and food safety, particularly protecting food products from intentional contamination (Food Defense) and complying to safety, occupational health and environment practices (Safety 12 Basics). Moreover, Sappe has been constantly implementing Short Interval Management (SIM) to develop its working system.

In 2021, a number of industrial sectors were affected by the COVID-19 pandemic. The company was well aware of the risk factors and tried to prevent the pandemic impact. It still produced quality products and created a safe workplace for the employees. To cope with the difficulties from COVID-19, the company underlined proactive measures, highlighting business continuing planning to lower chances of risk to be in line with the effective production plan and manpower. Moreover, the company has added more management plans in handling pandemic emergency situation in accordance with the Public Health Ministry's disease control measures.

In addition, the company still emphasized on reducing the production cost, cost management, increasing production efficiency, conducting continuous improvement and improving the working environment for the employees to work with happiness and according to the company's business plan.

Production Capacity and Production Volume

The company's capacity in beverage production between 2019 and 2021 at the factory were as follows:

Khlong 13 factory	2021	2020	2019
Maximum production capacity	136,078	129,598	125,830
Actual production volume	97,815	88,790	90,926
Capacity utilization rate	72%	69%	72%

The company's production depends on the sale and marketing plans at certain periods and demand in the market to have enough products for both domestic and international markets. Finished goods inventory will also be considered to prevent oversupply.

Regarding human resources management and employment in production, most of the permanent employment involves important positions to make the production cost management efficient. The company also created a plan to enhance skills and competence of the employees to properly support the production plan.

Raw Materials and Suppliers

Main raw materials of beverage products include concentrates, fruit bits such as Nata de coco, active ingredients such as fiber, collagen, and vitamins, and packages, such as PET bottles and paper cartons. Bottle preforms and PET bottles are produced in the Company's factory by using polyethylene terephthalate as main raw material for production.

Details of raw materials procurement are as follows:

- 1) Juice concentrates are domestically procured via importers.
- 2) Fruit bits, such as Nata de coco, are procured domestically, from the largest supplier in Samut Songkhram and from some small suppliers. This raw material can be supplied all year round and would not be cyclically affected.
- 3) Active ingredients, such as fiber, collagen, and vitamins, are domestically procured via importers.

4) PET resin (Polyethylene Terephthalate) used for bottle preforms production is procured domestically and internationally at 70% and 30% respectively. However, the company is aware of global warming situation and will gradually change the label from PVC to PET for natural degradation. Along with developing other types of packaging with partners to be environmentally friendly, which is expected to be used by 2022

5) In 2019 and 2020, the Company had no purchase orders with individual supplier greater than 30% of total purchase value.

In 2021, many factors will increase the cost of raw materials and packaging, which are the main factors in the company's production. Such factors include a weak baht, oil prices, rising plastic granules prices, the COVID-19 pandemic, China's production suspension due to energy-related laws in China. This made it unable to produce as efficiently as possible, causing the product to be in short supply, causing the same product from other countries to increase the price accordingly.

In 2020, the Company was assisted by Danone's team to advise production cost savings methods and new strategies to improve existing procurement process

in the selection of partners, The company has given importance to the environment, which will be considered from the trading partner companies that are important and make the environment system first

Policy Credit Term

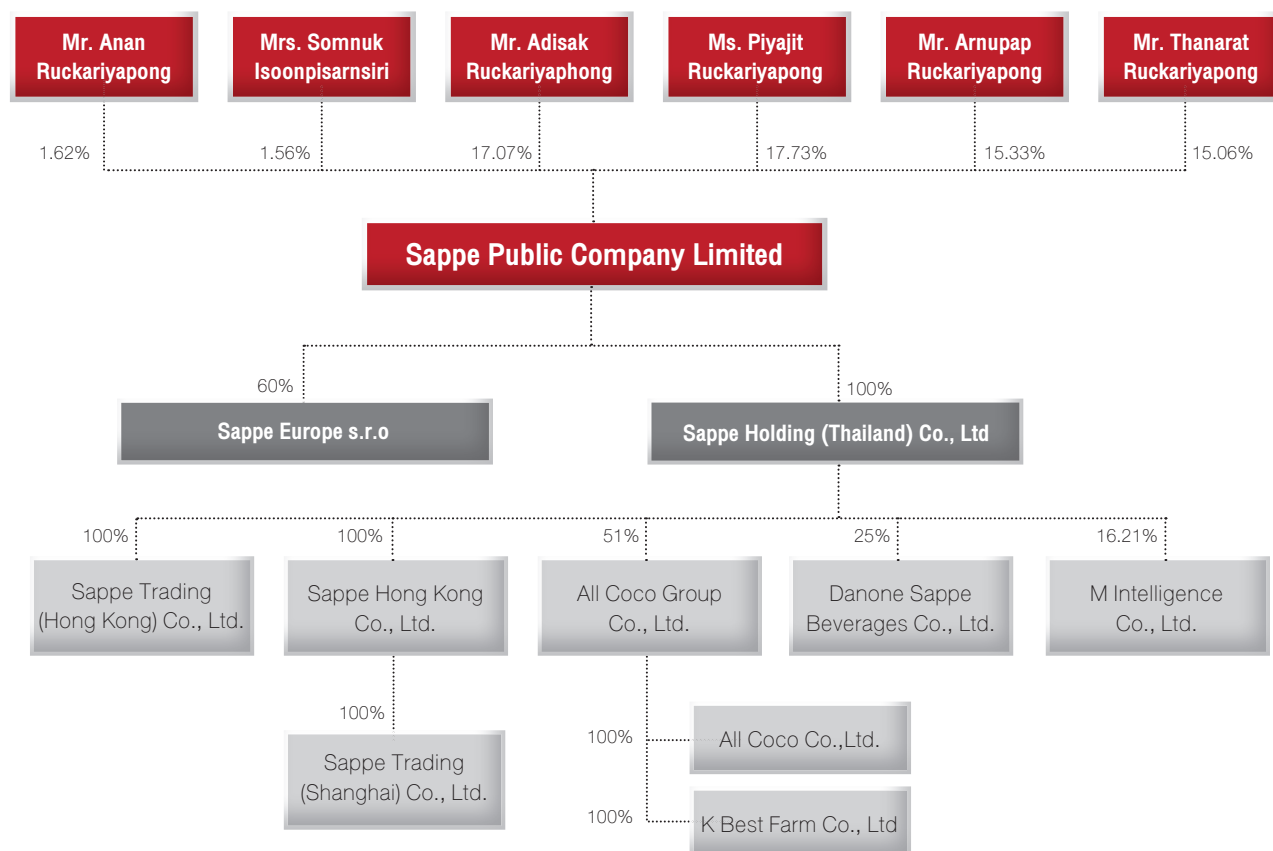
The company places importance on liquidity, and management manage cash cycle The company has a policy to set the credit term within 7- 90 days, however, the credit term depends on the company's business partners to consider from the present. various factors such as the time spent working together of the product product turnover product quality standard in this regard, the Company has set the credit term period according to the principle of fairness between the Company and its business partners.

(4) Assets for business undertaking

Appears in Attachment 4. Assets for business undertaking

1.3 Shareholding Structure

1.3.1 Shareholding Structure as of 31 December 2021



The Company has determined the control and the supervision of the operations of subsidiaries and associates. The policies ensure that the management and operations of these subsidiaries and associates are controllable as if they were an internal unit. Moreover, measures have been devised to monitor the management of the subsidiaries and associates to protect the Company's investments.

Subsidiaries and Associates

As of 31 December 2021, the Company has 2 Direct Subsidiaries, 6 Indirect Subsidiaries and 2 Associate as follows:

Direct Subsidiaries

- 1) Sappe Europe s.r.o :** A registered company in Slovakia, operating business in distributing healthy beverages in European countries
Office : Golánova 3140/5 Bratislava 821 03
Paid-up Capital : 6,639 EURO (equivalent to 0.27 million Baht)
Type of share : Common share
% Shareholding : 60

- 2) Sappe Holding (Thailand) Company Limited:** A registered company in Thailand, operating business in providing management services to group of companies
Office : 8 Moo 7 Tambon Puech-udom, Amphoe Lam Lukka, Pathumthani
Registered Capital : 390,000,000 Baht
Paid-up Capital : 390,000,000 Baht (or 100 percent of registered capital)
Price per share : 10 Baht
Type of share : Common share
% Shareholding : 100

Indirect Subsidiaries

- 1) Sappe Trading (Hong Kong) Company Limited:** A registered company in Hong Kong, operating business in importing, exporting and trading
Office : RM 907, 9/F KENBO COMM BLDG, 335-339 QUEEN'S RD, WEST, HK
Registered Capital : 100,000 Hong Kong Dollar (equivalent to 0.45 million Baht)
Paid-up Capital : 100,000 Hong Kong Dollar (100% of registered capital)
Price per share : 10 Hong Kong Dollar
Type of share : Common share
% Shareholding : 100% shares held by Sappe Holding (Thailand) Co., Ltd.

- 2) Sappe Hong Kong Company Limited:** A registered company in Hong Kong, operating business in providing management services to group of companies
Office : RM 907, 9/F KENBO COMM BLDG, 335-339 QUEEN'S RD, WEST, HK
Registered Capital : 3,000,000 Hong Kong Dollar (equivalent to 13.98 million Baht)
Paid-up Capital : 3,000,000 Hong Kong Dollar (100% of registered capital)
Price per share : 10 Hong Kong Dollar
Type of share : Common share
% Shareholding : 100% Shares held by Sappe Holding (Thailand) Co., Ltd.

- 3) Sappe Trading (Shanghai) Company Limited:** A registered company in China, operating business in distributing healthy beverages
Office : Room 806,8/F, Building#2, 55 Meisheng Road, China (Shanghai)
Registered Capital : 2,000,000 RMB (equivalent to 10.17 million Baht)
Paid-up Capital : Nil
% Shareholding : 100% shares held by Sappe Holding (Thailand) Co., Ltd.

- 4) All Coco Group Company Limited:** A registered company in Thailand, operating business in manufacturing and distributing coconut-based products under “ALL COCO” trademark
- Office : 139/6 Moo 2, Tambon Laksam, Amphoe Baanpoew, Samut Sakorn
- Registered Capital : 168,000,000 Baht
- Paid-up Capital : 168,000,000 Baht (100% of registered capital)
- Price per share : 100 Baht
- Type of share : Common share
- % Shareholding : 51% shares held by Sappe Holding (Thailand) Co., Ltd.
- 5) All Coco Company Limited:** A registered company in Thailand, operating business in distributing coconut-based products under “ALL COCO” trademark
- Office : 98/38 Moo 6, Tambon Bang Mueng Mai, Amphoe Mueng, Samut Prakarn
- Registered Capital : 15,000,000 Baht
- Paid-up Capital : 15,000,000 Baht (100% of registered capital)
- Price per share : 100 Baht
- Type of share : Common share
- % Shareholding : 100% shares held by All Coco Group Co., Ltd.
- 6) K Best Farm Company Limited:** A registered company in Thailand, operating business in sourcing and distributing fresh coconut in Thailand
- Office : 98/38 Moo 6, Tambon Bang Mueng Mai, Amphoe Mueng, Samut Prakarn
- Registered Capital : 2,430,000 Baht
- Paid-up Capital : 2,430,000 Baht (100% of registered capital)
- Price per share : 100 Baht
- Type of share : Common share
- % Shareholding : 100% shares held by All Coco Group Co., Ltd.

Affiliates

- 1) Danone Sappe Beverages Company Limited:** A registered company in Thailand, operating business in developing, manufacturing, marketing and distribution healthy beverages in Thailand
- Office : 71 S.P. Arcade Building, Ramkhamhaeng Road, Huamark, Bangkok
- Registered Capital : 200,000,000 Baht
- Paid-up Capital : 200,000,000 Baht (100% of registered capital)
- Price per share : 100 Baht
- Type of share : Common share
- % Shareholding : 25% shares held by Sappe Holding (Thailand) Co., Ltd.
- 2) M Intelligence Company Limited:** The company is registered in Thailand to provide complete consulting service about digital transformation, including Customer Relationship Management (CRM), data analysis, and digital technology to help improve marketing, sale and one-stop service.
- Office : 2, K.C.C. Building, Soi Silom 9 (Soi Suksa Witaya), Silom Road, Silom Sub-district, Bangrak District, Bangkok
- Registered Capital : 7,196,670 baht
- Paid-up Capital : 4,946,670 baht (68.74% of registered capital)
- Price per share : 10 baht
- Type of share : Common share
- % Shareholding : Sappe Holding (Thailand) Co.,Ltd. (direct subsidiary) holds 16.21% of total shares.

1.3.2 Persons who may have conflict of interest by holding shares in subsidiaries or associates more than 10% of total number of shares with voting rights in that company.

-None-

1.3.3 Relationship with the Major Shareholder's Business Sectors

The Ruckariyapongs is the major shareholder of the Company with a 68.37% share of the total paid-in shares. Currently, the Company is the only key business of the family. The list of relationships with other businesses of the major shareholder of the Company is available in Attachment 2, Details of the directors of subsidiaries.

1.3.4 Shareholders

(a) List of major shareholders listed in the share register of shareholders as of 31 December 2021 are summarized as follows:

No.	Name	No. of shares	%
1.	Ms. Piyajit Ruckariyapong	54,260,223	17.73
2.	Mr. Adisak Ruckariyaphong	52,239,257	17.07
3.	Mr. Arnupap Ruckariyapong	46,911,574	15.33
4.	Mr. Thanarat Ruckariyapong	46,107,542	15.06
5.	UBS AG SINGAPORE BRANCH by Mr. Arnupap Ruckariyapong and Mr. Thanarat Ruckariyapong	20,000,000	6.53
6.	Mr. Anan Ruckariyapong	4,950,392	1.62
7.	Mrs. Somnuk Isoonpisansiri	4,763,632	1.56
8.	THAI NVDR Co., Ltd.	2,724,094	0.89
9.	L-LowBetaLTFD	2,401,400	0.78
10.	T-PrimeLowBeta	2,377,600	0.78
Total		236,735,714	77.35

(b) Major Shareholders Whose Actions Significantly Influence the Company's Management Policies or Operations Due to the fact that the Ruckariyapongs is the major shareholder of the Company, its role significantly influences the Company's management and operational policies through the approval of the Board of Directors at the meeting. However, on December 31, 2021, there were 4 major shareholders holding 4 positions out of 10 company directors, namely Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong, Mr. Anan Ruckariyapong and Mr. Arnupap Ruckariyapong.

1.4 Number of Registered Capital and Paid-up Capital

Currently, the company's registered capital is 308,438,080 baht following the change in paid-up capital, from 306,086,680 baht to 307,325,780 baht on January 4, 2022. The change was a result of the ordinary-share purchase within the company under the share warrants issued for executives and staff. It was the second issuance of share warrants.

Therefore, the company currently has paid-up capital of 307,325,780 baht with 307,325,780 shares in common shares at one baht per share.

1.5 Issuance of other securities

1.5.1 Warrant

On 26 April 2018, the Company received an approval from the Annual General Meeting to issue and allocate non-transferable warrant with name entitlement No.2 to its executives (including executives who are also directors) and employees ("Warrant" of "SAPPE-WA2") for 4,070,000 units as follows.

Type of warrant	Sappe Public Company Limited's second common stock warrants issued and offered to the Company's executives and employees (SAPPE-WA2), non-fungible type except in legacy transfer or transfer to heirs or lawful representatives.
Amount of warrants available	4,070,000 units or less
Warrant issue date	15 May 2018
Stock warrant time frame	4 years from the issue date
Number of common stock issued	4,070,000 stocks or less, one baht per stock or 1.34% of all sold Company stocks
Value of each common stock warrant	0 baht (zero baht)
Distribution method	<p>Directly distributed to the Company's executives and employees without broker</p> <p>Executives and employees receiving the issued warrants should be qualified as follows:</p> <ol style="list-style-type: none">1. Being a current employee in the level of Division Manager or upper.2. Having been a current employee for at least one year before 31 March 2018 and on the issue date.3. Being rated Rating 2 or higher in the 2017 Annual Performance Evaluation (not less than the organization's average). <p>A staff who is disqualified but unanimously considered as high potential and important to the organization by the executive committee can also be granted the issued warrants.</p> <p>The number of warrants received by each executive and employees may not be equal. It will depend on position, experience, responsibility, duration of employment, success, effectiveness and past operational performance, as well as expected benefits the Company may gain in the future. CEO holds the right to issue the Company's warrants to each employee.</p>
Issue rate	One warrant for purchasing one stock, except in the case that the rate is altered.
Exercise price	20.56 baht/share (exercise price is 10% lower than market price)

Purchase duration

The SAPPE-WA2 warrant holder may purchase the Company's newly issued common stock after the specified duration from the warrant issue date. The details are as follows:

Duration (Month)	Percentage of executable issued warrants
12	20%
18	30%
24	40%
30	55%
36	70%
42	100%

The SAPPE-WA2 warrant holders may claim their rights by the last business day of each selling period, ending in June and December of each calendar year throughout the lifespan of the warrants.

The remaining warrants after any purchasing date may be kept to be executed in the next purchasing date throughout the lifespan of the warrants. However, if the warrants expire, the unexecuted warrants will be cancelled and ineffective.

For the final purchase date of expiring warrants, if the date is a non-business day of commercial banks, it should be postponed to the last business day before the expiration date of the warrants.

Warrant registrar	The Thailand Securities Depository Co., Ltd.
Secondary market of warrants	-N/A-
Secondary market of common stocks purchased using a warrant	The Stock Exchange of Thailand

In 2021, the executives and employees exercised their rights by purchasing the shares under the second warrant issuance at 2,947,700 shares while 10,000 shares were bought under the same practice in 2019. Thus, the total remaining shares for this purchasing rights is 1,112,300.

1.6 Dividend Payment Policy

With the same guidelines, the Company and subsidiaries have established the dividend payment policy of the said subsidiaries as follows: The Company has established the dividend payment policy for the shareholders not less than 40% of the net profit, from the separate financial statements, after corporate income tax and all legal reserves. However, each dividend payment may be subject to change due to various factors to maximize benefits of shareholders, such as performance, financial status, liquidity, cash flow, working capital requirement, investment plans, terms and conditions in various contracts the Company is bound, legal restrictions, other needs and suitability in the future as the Board of Directors may deem suitable. The dividend payment must not entail any significant impact on the Company's normal operations. The Company proposes a resolution of the dividend payment the Board of Directors, and an approval will be sought at the shareholders' meeting, except the interim dividend payment which the Board of Directors has the authority to approve when it agrees that the Company had sufficient profits to do so, and then the Board reports a resolution at the next shareholders' meeting.

Report on the Shareholding of Directors

No.	Name	Position	% Of Shareholding			Remark
			1 January 2021	Increase (Decrease)	1 December 2021	
1.	Mr. Natee Onin	Chairman	0.00	0.00	0.00	
2.	Mr. Adisak Ruckariphong	Vice Chairman and Chairman of Executive Committee	17.16	(0.09)	17.07	
3.	Mr. Anan Ruckariyapong	Director and President	1.63	(0.01)	1.62	
4.	Ms. Piyajit Ruckariyapong	Director and Chief Executive Officer	17.83	(0.10)	17.73	Entitled to receive Company's shares regarding SAPPE-WA2 program
5.	Mr. Arnupap Ruckariyapong	Director and Chief Operating Officer	15.35	(0.02)	15.33	Entitled to receive Company's shares regarding SAPPE-WA2 program
6.	Mrs. Niratchara Siriampunkul	Independent Director	0.00	0.00	0.00	
7.	Mr. Thana Thienachariya	Independent Director	0.00	0.00	0.00	
8.	Mr. Padungdej Indralak	Independent Director and Chairman of Audit Committee	0.00	0.00	0.00	
9.	Ms. Kunigar Triyangkulsri	Independent Director and Audit Committee	0.02	0.00	0.02	
10.	Mr. Surath Pralongsilp	Independent Director and Audit Committee	0.00	0.00	0.00	

2. Risk Management

2.1 Policy and Risk Management Plan

As the company is determined to develop risk management to cover all activities of the organization, key issues have been set to handle risks under the risk management policy. The main issues in the company's risk focus are structuring risk management including roles and responsibilities, setting framework of risk management plus supportive mechanism, risk identification, risk assessment and reports in order to be used as the organization's proper risk management guidelines, in the acceptable level for the company.

2.2 Business Risk Factors

2.2.1 Possible Future Risk Factors

1) Fluctuation of Exporting Cost

The prolonged COVID-19 outbreak has led to an increase in the exporting cost due to a reduction in imports in many countries and implementation of strict health measures to handle the pandemic. The two factors have affected the turnover of containers that significantly declined while the quantity of containers for international import and export was imbalanced resulting in container shortages in several regions. The issues led to higher freight cost which directly affected the importing cost of the customers in the foreign markets. To solve the problem, the company helped them by arranging sea freight service operators for the customers as it is capable of finding operators with lower rates. The assistance reduced the overall exporting cost for the customers, and this plan will be constantly reviewed to get ready to handle in case the freight rate goes up in the future.

2.2.2 Strategic Risk

1) Competition and Business Environment

Currently, competition in the beverage business is relatively high, due to several factors ranging from a large number of existing players and the entry of newcomers, ability to find substitute products, launches of new products, promotional activities to promotional budgets, which have been continually increasing. Furthermore, the business environment may be changed by relevant laws and regulations prompting fiercer competition that business operators have to adapt themselves to the situation.

To reduce such risk, Sappe has been preparing to respond to the changing competition while making adjustment to follow consumers' ever-changing behaviors. The company has never stopped creating and developing a variety of products for different

groups of consumers and strengthen the brand to add more value and make a difference. Aside from new and innovative drinks for health, taste and beauty, the company also invented and developed other products such as healthy snacks aiming at expanding the customer base from the current refreshment consumers. It also created attractive packages, made the products worth-buying and safe with aim to serve maximum needs of consumers with added value, and conducted promotional activities to access the target customers for them buy the products repeatedly.

Regarding legal changes in consumer products such as a hike in excise tax for sugary drinks which is regarded as a risk factor which pushes the company to continuously conduct research to improve the products' recipes. In fact, the company has started developing product recipes that still maintain tastiness and provide health benefits as required by consumers. In the meantime, the company also tries to understand consumers and make products acceptable to them.

Between 2019 and 2020, the company started production and distribution of vitamin water with fruit flavors under the "B'lue" brand through Danone Sappe Beverages Co., Ltd. (The company holds indirect shares of 25%), which is a rising category with many new competitors. The company allocated a large budget for sale and marketing to build brand awareness in the initial period of the company establishment for mid- to long-term benefits as planned. The company may record a share of loss from investment in the joint venture but the budget was still in line with the joint venture establishment plan.

Apart from what mentioned above, the company also made adjustment by increasing consumer product access through new distribution channels for product visibility so that they can try the products in all situations. In other words, consumers can reach the company's products through E-Commerce in marketplaces during the lockdown period. In addition, the products were placed and distributed in sports channels such as golf courses and fitness centers (when they are reopened). In 2021, the company began selling products through TV home shopping which is also a channel to promote the products.

The company also made in-depth development in the existing channels to reach the quality goal more, such as making business plans with partners and using in-depth data for analysis to boost sale volume and reduce risks.

2) Investment in Oversea Subsidiaries

The company currently invested in one overseas subsidiary which is Sappe Europe s.r.o. ("Sappe Europe"), registered in Slovakia. The subsidiary's operation is providing manufacturing service and distributing and marketing Sappe beverage products in Europe with 60% of shares held by Sappe. Additionally, Sappe has three indirect subsidiaries overseas which are 1) Sappe Trading (Hong Kong) Company Limited, registered in Hong Kong Special Administrative Region of the People's Republic of China (HKSAR), which runs import-export business and carries out product distribution, 2) Sappe Hong Kong Company Limited, also registered in HKSAR, which runs management business, and 3) Sappe Trading (Shanghai) Company Limited, registered in China, which operates product distributing business. Sappe Holding (Thailand) Company Limited (a subsidiary in which the company holds 100% of shares) currently holds 100% of shares in all three indirect subsidiaries.

These overseas subsidiaries may have been affected by the risk from both internal factors under their operation and external factors such as the economic situation, consumers' behaviors, purchasing power, political stability, laws, tax and foreign exchange rate in that particular country. If any incident does significantly impact the subsidiaries, it could also affect the company's performance.

However, the company has set a clear investment policy in both subsidiaries and joint ventures. In the past investment, the company carefully considered relevant factors including growth opportunity, size and risk of investment by reports and monitoring the subsidiary's operations on a regular basis.

2.2.3 Operational Risk

1) New Product Development

The investment in launching a new product is rather high, especially expense in marketing, public relations and advertisement, and promotional activities to make the product recognized, receive good feedback from consumers and boost sale volume at a satisfactory level. The costly investment could pose risk to the company if the product is not impressed by consumers, particularly during a time when competition is fierce and a large number of new products were launched by the other competitors in the market.

The company realizes the risk and prioritizes preparations in launching a new product to minimize the risk of failure. The plans include research and development process conducted by the independent R&D division to develop a product by steps ranging from analysis of business opportunity, marketing strategy, product development, design, laboratory testing to selection of a new product to meet the need of the target customers.

In each product launch, the company focuses on "Newness," a distinction and the heart of the product that satisfy consumers. Relevant procedures including taste test, quality, market testing and planning to introduce the new product to the market

are conducted for the best output. Moreover, public relations and advertisement campaigns and marketing activities are also carried out to encourage the target consumers to try the new product and buy it repeatedly. All procedures are implemented to ensure satisfactory achievement in the product launch, and to keep developing the existing products with research and market exploration in order to know what consumers need.

2) Cyber Threat

The risk from cyber threat is crucial and affects the company's operation, particularly important working systems such as network, finance and accounting, internal management and human resources management plus personal data held by the company. If the company's information technology system encounters problems and the personal data under the company's ownership is accessed by ill-intentioned people, it will affect the company's operation and reputation.

Therefore, the company has planned and invested in working system enhancement to keep up with new technology and prevent the risk from cyber threat. The counter-cyber attack measures include improving the computer system to be ready to work to avoid network and server failures and make the system functional continuously. In addition, the company has been promoting awareness about cyber security among the employees through training and relevant activities, allowing them to understand how to apply information technology accurately and safely.

The company has been conducting cyber risk assessment in the internal computer system to proceed the risk prevention by both internal and external bodies, and issued stringent measures for safety control, such as installation of computer firewall, setting the rights for data accessibility and establishing a data backup center to handle emergency cases to make the business run smooth. The company also created the Disaster Recovery Planning (DRP) to prepare for an emergency situation, allowing the users to continue their work through a backup site. It also has plans of counter cyber attack for the employees to practice, and prevent business deadlock caused by cyber attack.

3) COVID-19 Outbreak

The COVID-19 pandemic starting in late 2019 has widely affected both the global and domestic economies and various businesses or even the food and beverage industry which is an important factor for living. As Sappe is the maker and distributor of food and beverage products that still receives good response from consumers, the pandemic impact on its business was limited, thanks to adjustment of working plans to be in line with rapid changes of consumers' behaviors such as emphasis on E-Commerce that sells products through online platforms, and digital marketing. It also implemented Online to Online and Online to Offline (O2O) marketing strategies both in the domestic and foreign markets.

2.2.4 Financial Risk

1) Fluctuation of Foreign Exchange Rate

Exporting products to foreign market is one of the company's sources of income, and the revenue from exports in 2021 was 64.9% of the total sales. Since most of the exporting sales are made in U.S. dollar while nearly all of raw materials are ordered within Thailand, it leads to the company facing risk from the exchange rate. In case the exchange rate is fluctuated, the company's price setting and sale volume may encounter the risk as strong baht will make the revenue from exports decrease when converting from U.S dollar to Thai baht, resulting in negative impacts on revenue and profit of the company.

As the company realizes such risk, it has set an adequate policy in making forward contracts in order to reduce the risk from exchange rate fluctuation. The company also set the price in each foreign market sale to cover the risk from the exchange rate and closely monitors news and the current situation to support quick decision making. Under the policy, the executives and financial department can make a forward contract not exceeding 75% of total foreign currency sales in the next six months.

2) Fluctuation of Raw Material Prices

Raw materials used in the production include sugar or liquid sucrose, a key material in beverage production, and Polyethylene Terephthalate (PET), the main material to produce PET bottles. The company procures raw materials from both domestic and foreign suppliers. As the raw materials used in the production are listed as commodity products with fluctuated prices depending on demand and supply, the cost of the production may increase in accordance with a rise in raw material prices. Additional materials in the production include concentrated fruit juice and coffee powder but the cost of the purchase order of these materials is quite small, not over 10% of the total purchase order.

PET: Most of the products are put into hot-fill PET bottles, which are in-house products, so, the cost in bottle production is also counted as one of the main production costs. Generally, the PET price in the bottle production is subjected to change according to the global market price or crude oil price. Therefore, an increase or decrease in the PET price will directly affect the bottle production cost because the majority of the bottle production cost is from PET.

Sugar: Produced from cane which is agricultural crop whose output depends on the weather and changing environment caused by global warming or natural disasters. These factors have affected the sugar supply which may experience shortage in some periods or higher price, from the imbalance of demand and supply in the market. However, the company has ordered granulated sugar or liquid sucrose from domestic suppliers. The price is currently set and controlled by the Office of the Cane and Sugar Board, making it relatively stable. Since the company has received purchase quantity confirmation from the suppliers to ensure sufficient materials for the target sale each year, shortage of sugary materials is unlikely.

However, the company still realizes relevant risk in materials and has managed the risk of material shortage and rising price by closely monitoring the change of material prices in particular periods, analyzing price trend and assessing demand of materials in the production to allow the company to make its order plan in line with the production plan and to prevent shortage.

Moreover, products have been stored adequately for the best production cost without excessive stocks of raw materials. Regarding some materials to be used in a large quantity, the company will set the quantity demand with the suppliers on a yearly basis, and makes some advanced orders under the price agreed by both sides to prevent price fluctuation and to boost confidence that the company will not face material shortage in the production. Besides, the company compares prices, quality and other conditions of two to three suppliers in each purchase of important materials, to prevent being exploited and also exchanges information with the suppliers for mutual benefit.

2.2.5 Risk from Regulations

1) Compliance to Law

The company emphasizes on running business in compliance with the laws, such as the Food Act B.E. 2522, Consumer Protection Act B.E. 2522, Enhancement and Conservation of National Environmental Quality Act B.E. 2535, and relevant regulations issued by standard certification institutes both in Thailand and overseas, as well as those issued by the company.

However, If the personnel in the company lack legal knowledge and understanding, or make mistakes at work, it could affect the company's revenue as the actions will lead to 'non-compliance' in the operation which may affect the company's image and product distribution to the market. Apart from the effect on revenue, the company could lose customers and market share and have additional cost in the process to resolve the issues, or legal proceedings if being fined by non-compliance actions.

To manage the risk, the company has established a Corporate Affair section to review the operational handbook of all departments in order to boost confidence that the company runs business in compliance with the laws and relevant regulations both in Thailand and overseas. In addition, the company arranges training and provides knowledge on relevant laws and regulations to the employees, and tests will be conducted following the training. Punishments are in place when a case of non-compliance with regulations occurs. In the meantime, regulations and legal information have been managed as important database of the company.

2.2.6 Other Risks

1) Risk of Not Having Own Land for Factory

Current, the company's manufacturing factory is the Khlong 13 factory, located in Lam Luk Ka District, Pathum Thani Province on a plot of 97 rai, three ngan and 49 sq. wah. Another facility is the Bangchan office, located in Bangchan Industrial Estate, Seri Thai Road, Kannayao District on a plot of two rai, one ngan and 88.2 sq. wah. The two facilities are located on the land owned by a group of major shareholders which the company leases both vacant land/land with building from the group with rental rates in accordance with the market rate as appraised by independent asset appraisers.

Bangchan Office: The company's first factory which has been transformed into other facilities after the manufacturing base was relocated to the Khlong 13 factory. Shortly after the relocation, the old Bangchan factory was modified into the product research and development base. The land with factory and other structures is owned by one of the shareholders who made a lease agreement of three years with the company, starting from October 1, 2013 to September 30, 2016, with a renewal option every three years. The lease agreement has been renewed twice and the current one will expire on September 30, 2022. The company has also constructed buildings and other facilities on the land including a cafeteria building and open space covered by roof.

Khlong 13 Factory: The current production base of the company is on a plot of land co-owned by all major shareholders. The company has invested in construction of the factory buildings and other structures that started in 2010 and commenced production in April, 2012. The company and the land owners made a lease agreement for 20 years, from October 1, 2012 to September 30, 2033. After the first three years of the lease agreement, the company is entitled to purchase the land at an average price of appraised values, evaluated by two independent appraisers which has received approval from the Securities and Exchange Commission. However, the issue is still under consideration.

As the company saw market opportunities and prioritized the investment to expand production base for future growth rather than making land investment, the company decided to make a lease agreement rather than buying it. As the area of the Bangchan factory was quite small and could not be expanded, the company moved the production base to the Khlong 13 factory of which construction was complete in 2015. The Khlong 13 factory was new and big enough to support further production expansion so the company moved facilities from the Bangchan factory to the Khlong 13 factory. The production centralization makes management and joint usage of resources efficient, ranging from production, warehouses and logistics system. It also helps the company reduce cost and other expenses in the long term. Regarding the Khlong 13 factory's land lease, the company may consider purchasing the land from the owners under the principle presented at the Board of Directors meeting No. 11/2013 on 29 November, 2013, if it has cash flow from the operation and business expansion. In addition, the process

has to follow the rules and regulations related to transaction, and requires approval from the Audit Committee, the Board of Directors and/or a shareholders' meeting. Currently, the company's remaining cash flow is prepared for business expansion to support the growth in the future. Therefore, the rights to purchase this land is still under consideration.

During the lease period, the company could face risk in case it breaches the lease agreement, resulting in contract termination. In this case, the factory buildings and other structures invested by the company will become the properties of the land owners. The company will not be able to get any compensation and also has to set impairment of investment in fixed assets which were constructed on the leased land.

However, the company is responsible to pay monthly rental fee for a total of 542,136 baht per month plus an increased rate of 2.0-3.0% per year, from June 2014 onwards. In 2021, the company had to pay rental fee of 672,210 baht per month and still had enough cash flow to handle the expense. The company also complied with other conditions under the agreement, such as maintaining and repairing the factory buildings plus other structures to be ready to use and paying taxes related to the leased assets as they are the obligations in which the company has to follow. The company also believed it will be able to act according to the agreement without any cause leading to early termination. More importantly, the lessors are major shareholders of the company with 68.36% of shares, and have been taking part in the management and leading the company's business to grow. Therefore, it is certain that this lease of land/land with structures will not affect the production and operation of the company in the future.

2) Risk Towards Investment of Securities Holders from Major Shareholders with Management Authority

Currently, the Ruckariyapong's family holds the majority of the company's shares at 68.37% of the total shares. The proportion enables the Ruckariyapongs to control nearly all resolutions of shareholders' meetings, ranging from appointments of directors, or approval of agendas which requires a majority of votes and matters which need 3/4 of votes at a shareholders' meeting as required by law or the company's regulations. Consequently, the other shareholders may counter the risk from inability to secure votes for power balance with the major shareholders.

To ensure business transparency and counterbalance of power, the company has established a management structure with knowledgeable and experienced persons, and clearly set working scope and delegation of authority to directors and executives. Five independent outsiders have been appointed as independent directors in the Board of Directors consisting of 10 members and three of them are audit members. Responsibilities of the three directors include audit, counterbalance of decision making and approving matters before being proposed to a shareholders' meeting.

Additionally, the company has set measures in transaction with persons who may have conflict of interest by limiting votes of those involved. The company also established an internal team by hiring an external company with expertise and independence to work under the supervision of the Audit Committee. The audit team has main duties in overseeing internal control system to conform with the established system in order to assure the shareholders of transparency and balance of management power in the company.

3) Natural Disasters

From January to May 2021, although the company was not directly affected by drought, it was a crucial period for water management in the factory as salinity in freshwater used in tap water production exceeded the standard level. The increased salinity level affected the reverse osmosis water treatment system, resulting in low water supply which might affect the production. In 2022, the company has prepared for this problem by conserving water only in the rainy season as the salinity in the water still meets the standard level. If the source of freshwater has exceeding salinity level, the company will use reserved water in the production to make business running smoothly.

Between June and October 2021, Thailand was affected by climate variability caused heavy rains and flooding in many areas and the Khlong 13 factory was also at risk of flooding as it locates in the downstream area and close to the floodway mentioned in the government's Master Plan of Water Resources Management. Aside from the design of factory building and layout of machines and equipment which can prevent flooding to some extent as the ground floor was elevated approximately 2.20 meters from the road surface, the company also closely monitored the information about water management in Chao Phraya River and Bang Pakong River from both the government and private sector in order to assess and plan emergency response in case of flash flooding. Therefore, the company did not have any effect from the floods in the past rainy season. Furthermore, the company has prepared for possible drought that could occur in the future by reserving water supply for the production for five months which is a suitable period after assessment.

3. Driving Business for Sustainability

3.1 Policy and Goal of Sustainability Management

“We better people’s lives through our innovative spirit” is the heart of Sappe’s business operation. We prioritize all stakeholders in accordance with the principles of good governance, transparency and anti-corruption by setting policies and guidelines under Sappe’s sustainability and value chain. The key missions are as follow:

Build Sustainable Economic Growth

- Determined to create innovative and quality products in response to various needs and continuously gain access to consumers’ ways of life.
- Create product understanding for consumers with responsibility, ready to accept all feedbacks, and always identify new customers’ needs.
- Deliver quality products to as many consumers as possible.
- Constantly enhance business growth and development with new partners, and look for new ways for business growth and use them for maximum efficiency.

Promote Quality of Life of Our Key Players to Grow Together

- Promote the employees’ potential to allow them to develop, grow and enjoy working with fairness and equality.
- Create “Innovative Spirit” in the entire organization.
- Elevate standards of partners.
- Support community members to have better quality of life, in terms of income, education and well-being.
- Support procurement of raw materials from Thai farmers and develop them with Sappe’s knowledge and expertise on innovation.
- Create inspiration and pass on the “knowledge of creative seeds” to society.

Promote Sustainable Environment with Innovation and Technology

- Implement efficient management of value chain with innovation and advanced technology to reduce environmental impacts to the maximum effect.
- Use natural resources for maximum efficiency and reduce environmental impacts.
- Obtain high-quality and eco-friendly materials for production and packaging.
- Enhance usage of alternative energy and find new models to reduce greenhouse gas emission.

3.2 Management of Impact towards Stakeholders in Business Value Chain

All through Sappe’s value chain, we focus the process of inventing and creating innovative and quality products, production management, efficient storage of products, and delivery of products to as many consumers as possible, as well as marketing communication and sale with highest responsibility. The company conducts in-depth analysis of the stakeholders and business value chain particularly sustainability, practices to respond to expectations, communication channels and participation as listed below:

Value Chain	Creative Exploration	Co-Value Creation	Eco- Distributor	Trendy Accessibility
	<p>Invent and create innovative, quality products to respond to various needs, and to continuously reach consumers.</p> <p>The exploration also includes looking for new partners and new options to help create innovative, unique and more eco-friendly products and packaging.</p>	<p>Efficiently manage the production and product storage with advanced technology, cost reduction, and use of natural resources for maximum efficiency and to minimize environmental impacts.</p>	<p>Efficiently manage distribution in terms of energy and time. Expand distribution channels to maximize access to consumers in order to get the quality products ready on the shelves and reach consumers for them to have delicious and useful products to better their quality of life.</p>	<p>Communicate with customers and society with transparency, sincerity and straightforward manner to make them and stakeholders clearly understand the products and select the most preferable items in fair prices. Ready for all comments, feedbacks and criticism for further development and improvement, and to find new inside to create innovative products in response to customer needs.</p>
Key procedure	<ul style="list-style-type: none"> • HR • R&D • Knowledge Management/Sharing • SME • Inno Studio (In house) • JV/Collaborations 	<ul style="list-style-type: none"> • Procurement • Production • Community • Supplier • Warehouse 	<ul style="list-style-type: none"> • Modern trade • Traditional trade • Out of home • E-commerce • Brand Activation & Selling 	<ul style="list-style-type: none"> • Pricing • Marketing Communication/ Campaigns • Consumer Survey • Consumer Feedback • E-commerce
Our key players	<ul style="list-style-type: none"> • Employees • Business partners • Educational institutes • SME • Government agencies • State enterprises • Community 	<ul style="list-style-type: none"> • Employees • Business partners • SME • Government agencies • State enterprises • Communities 	<ul style="list-style-type: none"> • Employees • Business partners • Government agencies • Shipping • Certification Body 	<ul style="list-style-type: none"> • Employees • Customers • Media • Government agencies • Investors/ Shareholders • Competitors in the market; • Online Platform/ Marketplace

Value Chain	Creative Exploration	Co-Value Creation	Eco- Distributor	Trendy Accessibility
Relevant sustainable issues	<ul style="list-style-type: none"> • Make new platforms in business collaboration (Partnership & Collaboration) • Create/develop business innovation for society and environment (Strategic Innovation) • Sustainability of material sources (Sustainable Agriculture) • Human capital development • Good Health and Well-being • Using natural materials • Carbon footprint reduction (Carbon Footprint) • Studying and interpreting consumer data involving behaviors and feedbacks (Customer Insight) • Innovative development from internal personnel (In-house Innovation) • Build good relations with customers (Customer Relations) • Ensure sustainable consumption and production patterns (Responsible Consumption & Production) 	<ul style="list-style-type: none"> • Improve and develop idea/product/service (Product Development) • Create/develop business innovation for society and environment (Strategic Innovation) • Decent work and economic growth in locality • Using natural renewable materials • Using alternative energy (Solar cell, wind energy, coal) • Carbon footprint reduction (Carbon Footprint) • Waste management • Water management (Clean water & Sanitation) • Ensure sustainable consumption and production pattern (Responsible Consumption & Production) • Sustainability of material sources (Sustainable Agriculture) 	<ul style="list-style-type: none"> • Ensure healthy life and promote well-being (Good Health and Well-being) • Using natural renewable materials • Using alternative energy (Solar cell/ wind energy/coal) • Plastic waste management • Carbon Footprint reduction (Carbon Footprint) • Using clean energy (Affordable & Clean Energy) • Waste Management 	<ul style="list-style-type: none"> • Create new platforms in business collaboration (Partnership & Collaboration) • Investor relations operation • Business growth • Ensure sustainable consumption and production patterns • (Responsible Consumption & Production) • Ensure healthy life and promote well-being (Good health & well-being) • Implementing marketing strategy with responsibility (Responsible Marketing) • Holding responsibility to produce standard product (Product Responsibility) • Implementation of Circular Economy

Accordance with United Nations Sustainable Development Goals (SDGs)



Participation of Stakeholders

After conducting an analysis of stakeholders throughout the business value chain, Sappe divided them into five categories: employee, customer, business partner, investor and community and society to set guidelines for stakeholders' management with expectations in communication channels which are efficiently accessible to each group to bring about benefits and direct response as follow:

Stakeholders	Expectations	Practices	Communication Channels
Employee	<ul style="list-style-type: none"> Welfare Work-life balance Career path Safe workplace Fair compensation 	<ul style="list-style-type: none"> Promote proper welfare for employees Create happy and fun environment at workplace (NPS) Promote working capability of employees Promote a safe work environment at workplace Systematic annual performance assessment 	<ul style="list-style-type: none"> Intranet HR Hotline Sappe Playground Facebook Fanpage Line Official Sappe Player Telephone and E-mail Suggestion box Suggestion board Meeting
Customer	<ul style="list-style-type: none"> High Quality, Reliability and Trustworthiness Delicious New, innovative experiences Help solve health and beauty problems Best value for money Eco-friendly 	<ul style="list-style-type: none"> Adhere to regulations and production standards Invent and research in new innovations to respond to customer needs Create products and innovation with social responsibility and environment Proven Results (Tangible Result, Visible) Beyond expectations Zero waste 	<ul style="list-style-type: none"> Company website, Facebook, IG, Line Telephone and E-mail Annual Report Annual questionnaires to survey customer satisfaction Social Media Review
Business partners	<ul style="list-style-type: none"> Run business with fairness and transparency Promote sustainable business growth Respect intellectual property and copyright 	<ul style="list-style-type: none"> Fair selection of business partners Not disclose confidential business information without consent or legal permission Emphasize on equality and mutual interest with business partners 	<ul style="list-style-type: none"> Company website, Facebook, IG Telephone and E-mail Annual Report Annual audit Meeting

Stakeholders	Expectations	Practices	Communication Channels
Investors	<ul style="list-style-type: none"> • Yield, sale volume and profit • Sustainability of the company • Adhere to good governance • Service from investor relations officers 	<ul style="list-style-type: none"> • Make a summary of operational performance and equally present to investors in every quarter • Continuously boost business growth • Disclose information with honesty, fairness, transparency and responsibility • Conduct service assessment of Investor Relations 	<ul style="list-style-type: none"> • Annual report • Company website • Stock Exchange of Thailand website • Telephone and E-mail • Shareholders' meeting • Opportunity Day (Opportunity Day, Analyst Meeting) • Press Release
Community and Society	<ul style="list-style-type: none"> • Management of waste from production • Activity participation of communities • Reduction of operation impact towards communities • Provide assistance to build sustainable community development • Provide assistance to boost community economy 	<ul style="list-style-type: none"> • Comply to Zero discharge project • Support community events as well as religious, cultural and environmental activities • Inquire community satisfaction towards the business operation and solve problems • Jointly support community projects with the government and private sector to help strengthen community • Support projects which help generate income and increase employment in communities 	<ul style="list-style-type: none"> • Corporate Social Responsibility (CSR) team • Company website, Facebook, IG • Annual survey on satisfaction of communities • Telephone and E-mail • Company's complaint channels

3.3 Sustainability Management in Environmental Dimension

3.3.1 Environmental Policy and Practice

As the company is determined to mitigate environmental impacts, it firmly emphasizes producing the goods to meet “Green Product” standards, developing the production procedure under “Green Factory” practice and implementing new technology to reduce pollution from the production and protect the environment. The eco-friendly production is carried out along with running the operations with social and environmental responsibilities. The company uses environmental management system ISO 14001:2015 to apply in its business and calls on the employees to comply with the policy and publicizes it as follow:

“We will comply with laws and standards, and continuously develop environmental management.”

1) Strictly follow relevant laws and environmental standards. Even activities which the law enforcement and standard practices do not cover, the company will establish its stringent standards to be used as guidelines in conducting eco-friendly activities. Preventive measures are also in place to protect the environment from pollution caused by the operation.

2) Set environmental measures to be in line with context of the organization and expectation of stakeholders by creating environmental management plan and review it regularly.

3) Prevent accident occurrence from the operation that may affect the environment and be ready to respond to possible emergency.

4) Use energy properly for the maximum effectiveness.

5) Constantly improve environmental management system.

To ensure efficiency of the environmental management operations, the company has established an environmental committee to control the environment management system ISO14001. The committee is under direct supervision of Mr. Anan Ruckariyapong, Director and President of the company.

Structure of Sappe Environmental Committee



In addition, the company implemented policy on reduction of plastic usage, plastic recycle and studying alternative and eco-friendly materials to be used in the production. It also cooperates with the government and private sector to study new guidelines and technology for continuous improvement. Also, the operations related to safety, power conservation and using the factory resources for the maximum benefit are in place for all employees including the new ones. The new employees will obtain environmental management knowledge, allowing them to realize its importance and to implement for tangible results. The company's new staff also took part in activities organized by local government agencies as well as local leaders to make the community members become healthy and live happily with the factory.

3.3.2 Performance on Environment

• Energy Management

The company efficiently manages energy covering thermal energy, electric energy, lighting and air conditioning system, by installing and maintaining related equipment to bring about worthiest usage of energy in all factory activities. Furthermore, the company has installed generating system from solar rooftop which helps reduce the company's electricity consumption. It is part of the campaign to promote global warming reduction by using renewable energy which can be used for various purposes and does not cause pollution.

The company also launched a campaign to encourage the staff members to turn off their computer screens during lunch time or after work, as part of the activities to reduce power usage as well as electricity expense of the company.

• Water Management

Water is the key material in the company's refreshment products and is essential resource for life. Sappe realizes that it shares raw water from the irrigation canal with the communities around the factory, so it has been conducting thorough check on water distribution system in the production to meet standards. Worthiest usage of water has been carried out to prevent the impact on the communities. In 2021, the company effectively managed waste water with standardized process of water treatment, resulting in clean water to be used in sanitary and utility systems within the building.

• Garbage, Waste and Pollution Management

The company has systematic management to handle garbage and waste from the production under 3R practice: Reduce, Reuse and Recycle. It has efficient garbage classification and created conscience and participation with those involved to reduce garbage treatment by burying or burning it. Moreover, the company conducts environment quality measurement in the factory and surrounding areas at least twice a year. In 2021, quality of air, smell, noise and lighting in the building was in the standard level according to the law, and a chemical leak from the business operation was not found.

In addition, the company organized the "SAPPE Go Green 2021" activity entitled the "Send Plastic Home" project to sort waste and send it into recycle or upcycle process before bringing it back to use for greater value. The company also encouraged the employees to learn and join force in waste management activities.

• Greenhouse Gas Management

The company prioritizes energy management to mitigate the greenhouse effect as several business activities tend to cause greenhouse gas emission. With immense emphasis and awareness, the environmental committee has been assigned to work with all sections in the factory in setting energy management guidelines for all activities. The management guidelines include reduce, replace and recycle energy as well as creating energy-saving behaviors in all employees. The company aims to run business which does not cause global warming from greenhouse gas emission directly or indirectly. In 2021, the company did not have any environmental dispute with external organizations and the surrounding communities.

3.4 Sustainability Management in Social Dimension

3.4.1 Social Policy and Practice

Sappe's determination that **"We better people's lives through our innovative spirit"** clearly reflects that we prioritize **"people"** both in and outside the organization. People in our perspective are employees, customers, partners, investors and shareholders, community and society. To demonstrate our social dedication, the company proceeds with the guidelines as follow:

Employees: The company has been working hard to enhance the employees' potential, ranging from skills, knowledge to ability. It provides fair opportunities in career path development, and adequate pay for the employees, while ensuring good quality of life, safety and sanitation at work. As the company emphasizes and adheres to human rights principles, there is no discrimination policy at workplace and all employees have been given equal opportunities. Furthermore, employment is made without limitations or conditions related to race, skin color, gender, religion, nationality and political opinion. The company is committed to looking after and provide fair treatment for all employees.

Customers: The company has been treating the customers with honesty and fairness. It is determined to grow satisfaction and confidence in the customers who are given close attention and responsible treatment. The customers must get good and quality products and services as well as safety at reasonable prices in line with the standards. Additionally, the company is committed to strictly following conditions and agreements towards the customers and continuously elevate the standards of products and services. Maintaining good and sustainable relations with the customers are also vital as the company has been doing it seriously and constantly. The customers' data is safely kept and will never be discloses for benefits of the company and related persons.

Partners: Sappe emphasizes equality and fairness in dealing business with its partners who will never face exploitation as it runs business with honesty. The company is committed to protecting mutual interests with the partners and creditors, adhering to ethical practices and staying away from bribery or any dishonest action against the partners. The company has an authorization handbook to be used in considering procurement within the financial limit for the flow of business engagement with the partners. It completely follows conditions and terms mentioned in the contracts or agreements made with counterparties and creditors.

Investors and Shareholders: The company is determined to treat the shareholders equally, protect their interest, not carry out any action deemed to violate or lessen the rights of the shareholders and respect their rights to get information. The company will disclose information to be used in its management assessment, performance and financial status accurately and reliably. In addition, the company will strive for growth in order to add value to the business and for long-term benefit of the shareholders.

Community and Society: The company has a policy to support and provide appropriate assistance to society and communities, particularly those around the company's facilities. It fully cooperates to follow international standards and agreements in various issues.

3.4.2 Social Performance

Employees: As COVID-19 still affected people around the world in 2021, Sappe emphasized health welfare of all stakeholders to make sure that employees in all operations keep distance from the virus. The company allowed the employees to work from home, provided them vaccines and facilitated full online working system for the entire organization. Despite adhering to social distancing, we did not stop improving the employees' ability. The company organized 26 relevant trainings for the employees under its potential development policy. In case employees have to work at particular areas, such as the factory, we have stringent and extensive measures to prevent the pandemic outbreak to assure the stakeholders and those involved that Sappe products have maximum safety. The result of continuous human resources development via concrete procedures has reflected the success through "employee engagement survey" which is measurement of employees' commitment for their organization. In 2021, the company received high score of 4.30 from the top mark of 5. The impressive score was regarded as one of the company's pride in human resources development, and the guideline to improve its personnel in the future to move towards becoming an organization of sustainability.

Customers: In 2021, Sappe delivered more innovative products to meet consumers' lifestyle for a total of 19 SKUs. The products came from the production development for new groups of consumers to build on and establish sustainability in the future through new distribution platforms in the foreign markets, particularly Asia, the United States, Europe and the Middle East. The O2O strategy or Online/Offline Marketing, a mixture of online marketing and sale on both online and offline, to suit the rapid change in the foreign markets. Regarding the domestic market, the lockdown

measures have driven us to fully enter the online market, ranging from communication to distribution channels of marketplace or Sappe online. This year, more than 20 Sappe brands were distributed to 94 countries worldwide, making a total sale of 3,444.2 baht, growing by 5.4 % with the proportion of domestic and international sale at 35% and 65% respectively.

Partners: Sappe has good relationships with its business partners in every country and adhere to the "win-win" principle in running business which enabled the company to expand its business to over 90 countries across the globe. To deal with the partners, the company treats them more than partners, who are not only the importers or distributors but also the representatives in building and publicizing the brand with the company. In 2021, moving in the same direction is vital for the company and its partners for business success. The company will play roles in supporting and giving suggestion on how to build brand foundation and build brand through information exchanges in order to develop the perfect market mix. In addition, the company has established "Partnership Platform" in developing and selecting partners to enhance business and make the brand become a "global brand".

Moreover, the company has increased proximity with the partners through analysis of operational performances and assessment of joint activity efficiency in every quarter of the year to collect information for further planning and applying to their future business. The company also expanded working network with its partners, including the stock checking team, the team to oversee ordering system and accounting to make the joint business run smoothly.

Investors and Shareholders: Sappe Investor Relations has provided vital and important financial information to shareholders, investors and securities analysts. The information was also given to supervising agencies by reporting to the Stock Exchange of Thailand, the Securities and Exchange Commission and published in the company website in the subject "Investor Relations". In addition, a number of activities were organized to provide and explain information, while giving chances for the participants to openly ask questions, which were replied by the relevant personnel including the company high-ranking executives. The investor relations activities attended by executive members in 2021 were summarized as follow:

Analysts' meetings to explain the company's quarterly performance were held twice. The first one was held on March 24, 2021 with 21 participants and the analysis was published by four securities companies. The second meeting was organized on November 15, 2021 through video conference and the analysis was published by three securities companies. The company also attended the SET Opportunity Day organized by the Stock Exchange of Thailand (not included the 2021 quarterly performance to be published in newspapers and online media).

In addition, the company provided information through 20 conference calls for high-ranking executives. In case they could not attend the calls, the investor relation executives and team will be assigned to constantly provide information to the investors both in Thailand and overseas.

Community and Society: “Wan Wan Wan” Project The year 2016 marked the birth of the Wan Wan Wan aloe vera project initiated with our determination to help people in the communities around Sappe’s factory get more income. As most of the community members do farming for living, Sappe also hoped the higher income under its support could improve their quality of life. For this reason, the company allocated part of the factory compound to make a demonstration farm to test quality of soil, weather and water for aloe vera cultivation. The company wanted to know whether the Khlong 13 factory in Pathum Thani was suitable to grow high quality aloe vera to be used as raw material for our products or not. It was the first time for aloe vera cultivation in the central region as the main cultivation is in southern Thailand. The company invited experts to teach project members how to plant, nourish and harvest aloe vera. Apart from buying the output to ensure stable income for people in the factory’s neighborhood, Sappe also hopes that the Wan Wan Wan project will help reduce risk of material shortage in the future.

After five years, the Wan Wan Wan aloe vera project has been satisfactorily successful, with local residents from around 20 households taking part in the cultivation along with their farming job in 20 rai plot. With our knowledge, we jointly took care of and developed the aloe vera cultivation, resulting in quality yield and sold to Sappe. The project generates income for the community approximately 200,000 baht per year. We also received great support from our kind supplier, Pranburi Fruit Industrial Co., Ltd., which has been providing quality aloe vera sprouts for the project members.

Apart from aloe vera cultivation, Sappe also passed knowledge and expertise to the project members in turning the remaining aloe vera from selling into other products in the “Knowledge Sharing to Community” project. Over the past two years of the pandemic outbreak, about 18,000 pieces of “Sappe Together” hand sanitizer were delivered to customers. The hand sanitizer product is regarded as valuable output from community enterprise in Puech-udom sub-district, Pathum Thani, where our factory is located. It is the pride of Sappe and local residents to be part of the process to make the users’ hands clean and free from the virus. Sappe Together hand sanitizer also increased both income and smile to the community.

In the past year, Sappe’s CSR team visited nearly 100 places to deliver products to support medical agencies and personnel as well as communities affected by the COVID-19 pandemic. Around 700,000 bottles of Sappe drinks worth 14 million baht were urgently distributed to those in need while 1,000 aid packages were handed to homeless people in several areas including Ratchadamnoen Avenue, Hua Lamphong and Klong Toey. In addition, the company donated medical equipment to seven hospitals around its factory covering three provinces: Pathum Thani, Nakhon Nayok and Chachoengsao. Sappe also gave about 40 tons of paper boxes from production to SCGP for recycling and producing paper beds for field hospitals with 600 beds in total. Paper boxes were also given to the reBox - Box Bun campaign initiated by the Thailand Post to turn unused paper boxes into cash to buy surgical masks for hospitals.

4. Management Discussion and Analysis

Thai Economic Performance in 2021 and Outlook for 2022

The Office of the National Economic and Social Development Council (NESDC) reported that the Thai economy in the final quarter of 2021 grew by 1.9%, improving from a decline of 0.2% in the third quarter. After a seasonal adjustment, the Thai economy in the fourth quarter of 2021 expanded by 1.8% from the third quarter. In 2021, the Thai economy grew by 1.6%, bouncing from a revised 6.2% contraction in 2020 with the following explanation:

In 2021, the total export in US dollar was US\$269 billion, increasing by 18.8% which was the highest growth rate in 11 years, while the export value in Thai baht expanded by 21.6%, compared to a 5.8% decline in 2020. The export in the fourth quarter of 2021 increased by 21.3%, higher than the 15.7% growth in the previous quarter. This was in accordance with the economic recovery in the trade partner countries and the exporting upswing in several products which benefitted from the COVID-19 outbreak.

For the 2021 consumption, the private consumption expanded by 0.3% while the government's spending grew 3.2%. The private consumption expenditure in Q4 of 2021 increased by 0.3%, rebounding from the 3.2% drop in the previous quarter, due to the improving COVID-19 situation, relaxation of COVID-19 restrictions and the government's continuous consumption stimulus measures. It was also in line with an increase in the consumer confidence index in the overall economic performance at 38.9, up from 34.9 in the previous quarter.

The government's consumption expenditure in Q4 of 2021 increased by 8.1%, from the expansion of 1.5% in the previous quarter following the rising expenditure in COVID-19 treatment. The budget disbursement was 35.5%, increasing from 23.8% in the same quarter of the previous fiscal year.

In the other areas of the Thai economy, the overall investment in 2021 increased by 3.4%, due to the expansion of private and public investments at 3.2% and 3.8% respectively. The import value was recorded at US\$229.6 billion, increasing by 23.4% compared to a continuous increase at 13.5% in 2020 in accordance with the headline inflation average at 1.2% and core inflation at 0.2%, comparing to the figures of the previous year at -0.8% and 0.3% respectively.

In a press conference on February 21, the NESDC projected that the Thai economy would grow in a range of 3.5-4.5% in 2022, mainly backed by: (1) the regaining in domestic demand, (2) the recovery of the tourism sector, (3) the continual expansion of goods export, and (4) the support from the public investment. Meanwhile, the export value is expected to expand by 4.9% while the private consumption expenditure and private investment are expected to

increase by 4.5% and 3.8% respectively. The public investment is projected to increase by 4.6%. In addition, the headline inflation is estimated to be in the range of 1.5-2.5%, and the current account is projected to record a surplus of 1.5% of the GDP.

However, the recovery of the Thai economy in 2022 requires efficient management of the economic policy in several issues, such as preventing and curbing the domestic COVID-19 outbreak, supporting the affected business sector to recover, maintaining the momentum from the domestic expenditure, resolving household debts, encouraging export of goods and stimulating private investment.

Discussion and Analysis of Operating Results and Financial Position

Overview of Operation and Financial Position

Sappe Public Company Limited runs business in making and selling beverage products both in Thailand and overseas. In 2021, the company's consolidated total revenue was 3,712.8 million baht, the highest ever sales revenue since the establishment of the company, or 11.8% growth from the previous year. The significant rise was mainly a result of the sales growth in the foreign market which has continually recovered from the COVID-19 impact as more people around the world get vaccinated and the expansion of the customer base through several channels. However, the 2021 domestic sales decreased from the previous year, due to the prolonged COVID-19, rising inflation rate and pandemic-hit tourism, resulting in a slow recovery of the Thai economy.

The cost of goods sold to the sales revenue was 60.7%, dropping by 2.5 pts compared to 2020, mainly due to the increasing capacity utilization rate and more efficient management of manufacturing cost.

The selling expense this year was 759.9 million baht, increasing by 68.3% from 451.5 million baht in the previous year. The increased expense was a result of the surge in the export cost caused by container shortages in the foreign market. However, this expense can be additionally charged to the customers in the foreign market, and the company recognized this transaction in other income. Therefore, the 2021 net profit was 410.2 million baht, increasing from 386.0 million baht or 6.3% in the previous year.

Currently, the company has two subsidiaries: Sappe Europe s.r.o., registered in Slovakia, and Sappe Holding (Thailand), registered in Thailand. Sappe Europe's business involves original equipment manufacturing business and distributing and marketing Sappe Aloe Vera drink in Europe while Sappe Holding provides management service for the affiliates.

Between 2018 and 2021, the company recorded total revenues of 2,885.9 million baht, 3,386.9 million baht, 3,320.9 million baht and 3,712.8 million baht respectively. Almost all of the income was from sales.

Revenue from Sales of Goods

During 2018-2021, the sale revenue was geographically analyzed in the following table:

Sale Revenue	Year 2021		Year 2020		Year 2019		Year 2018	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Total	3,444.2	100.0	3,268.1	100.0	3,299.5	100.0	2,826.9	100.0
Domestic	1,209.9	35.1	1,481.3	45.3	1,380.9	41.9	944.7	33.4
International	2,234.3	64.9	1,786.8	54.7	1,918.6	58.1	1,882.2	66.6

The company recorded the sales revenue in 2021 at 3,444.2 million baht, the highest figure since the establishment of the company, increasing by 5.4% compared to the previous year. The sales revenue was divided into the domestic sales at 1,209.9 million baht, dropping 20.0% from the previous year while the international sales reached 2,234.3 million baht, increasing by 27.2% from the previous year.

The decrease in the domestic sales was mainly a result of the COVID-19 outbreak which was more severe than the previous year and the decision to shift part of the sale promotional and marketing budget from the domestic market to the foreign market. These two issues directly affected the sales volume both in the modern trade and traditional trade. Although the online and E-Commerce channels were on the rise, the income could not compensate the company's original sales channels.

However, the company has launched new products under the "New Product Development" plan since late Q2 of 2021 to increase sales. The new products are Preaw Coffee in Collagen Peptide Type II formula, Mactive Coffee with Cordyceps and Black Ginger, Sappe X Takabb herbal drink, Beauti Drink Ruby Lady and Kru Pensri Candy. The new products also include the items launched in Q4/2021: Gumi Gumi Yoghurt Jelly, Sappe Aloe Vera in honey-lemon and peach flavors, Beauti Immu-C, Beauti Booster and Beauti Colla C in the Sappe Beauti Drink's less sweet series. The company expected the new products will help boost the domestic sales volume after the pandemic crisis becomes better from early 2022 onwards.

Regarding the sales revenue in the foreign market, the company has been able to maintain an annual growth since 2018, except for the year 2020 which was hard hit by the pandemic, causing slight deceleration. However, the export revenue in 2021 rebounded to grow by 27.2%, compared to the previous year. There was an explicit sign of recovery following global vaccination. In addition, the company was able to expand its customer base through several channels in Europe, Middle East and the United States to help boost the purchasing power of the consumers.

Apart from making high distribution through the modern trade in key partners in Asia, the company has implemented the Online to Offline (O2O) marketing strategy to acquire new consumers. It also created brand loyalty among the current consumers in those markets, making the sales volume in the foreign market continue to grow and surpass the set target.

However, the foreign market revenue in the final quarter of 2021 decreased, comparing to the previous quarter, as the company encountered difficulties in finding containers and ships during the holiday period in the final week of December, so, part of the sales volume was recorded in January 2022. Regarding an increased freight cost, the company consulted with its business allies throughout 2021 to solve this problem which did not affect the company's net profit.

The main income generating products in the foreign market were Mogu Mogu and Sappe Aloe Vera drink, which is fruit juice/ fruit flavored drink with coconut jelly or aloe vera pulps. With the strong points of the selective ingredients and refreshing fruit juice, Mogu Mogu was the top selling product in the foreign market. For the domestic market, the income generating products were the health and beauty drinks such as Sappe Beauti Drink and B'lue Vitamin Water. Fruit juice including All Coco and Sappe Aloe Vera drink and Preaw instant coffee were also among the popular products in the domestic market, along with confectionary and healthy snacks such as Sappe Beauti Jelly and Gumi Gumi Jelly. The total sales can be divided by product categories as follow:

Product Category	Year 2021		Year 2020		Year 2019		Year 2018	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
1. Health and Beauty Drink	541.4	15.7	692.3	21.2	547.6	16.6	327.2	11.6
2. Fruit Juice/ Fruit Flavored Drink	2,468.6	71.7	2,083.0	63.7	2,265.1	68.6	2,035.5	72.0
3. Instant Power for Health and Beauty	242.6	7.0	247.5	7.6	296.9	9.0	307.7	10.9
4. Ready-To-Drink for Health and Beauty, and others	47.4	1.4	25.5	0.8	31.5	1.0	35.6	1.2
5. Healthy Sweets and Snacks	144.1	4.2	219.8	6.7	158.4	4.8	120.9	4.3
Total	3,444.1	100.0	3,268.1	100.0	3,268.1	100.0	3,268.1	100.0

Other Income

Other income of the company during 2018-2021 were 51.5 million baht, 69.9 million baht, 52.9 million baht and 268.9 million baht respectively. The main income included transportation fee which is an additional charge in providing transportation service on the customers' request, selling scrap materials, interest and others as follow:

The significant increase of transportation expense in 2021 came from the rise of the freight cost, leading to an increase in the cost of shipping for some foreign customers. However, the company managed to find ships with low transportation rate for customers and later charged them with this rate which was lower than they had previously. As a result, the cost of distribution and other income have increased since the first quarter but did not affect the company's net profit.

Other Income	Consolidated Financial Statements							
	Year 2021		Year 2020		Year 2019		Year 2018	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Transportation	232.6	86.6	17.7	33.5	18.1	25.9	17.1	33.2
Interest	1.3	0.5	5.2	9.8	2.6	3.7	0.6	1.2
Scrap material selling	0.3	0.1	1.3	2.5	2.7	3.9	3.5	6.7
Others	34.4	12.8	28.7	54.2	46.5	66.5	30.3	58.9
Total other income	268.6	100.0	52.9	100.0	69.9	100.0	51.5	100.0

Cost of Goods Sold and Gross Profit

The company's gross profit from 2018 to 2021 were 36.3%, 36.8%, 36.8% and 39.3% respectively, slightly increasing from the previous year. The cost of goods sold in 2021 accounted for 60.7% of the sales revenue, compared to 63.2% in the previous year.

Unit: Million baht	Consolidated Financial Statements							
	Year 2021		Year 2020		Year 2019		Year 2018	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Sales Revenue	3,444.2	100.0	3,268.1	100.0	3,299.5	100.0	2,826.9	100.0
Cost of Goods Sold	2,089.1	60.7	2,067.2	63.2	2,083.8	63.2	1,799.8	63.7
Gross Profit	1,355.1	39.3	1,200.9	36.8	1,215.7	36.8	1,027.1	36.3

The 2021 cost of goods sold accounted for 60.7% of the total revenue, decreasing from 63.2% in the previous year due to the increase in the capacity utilization rate following a great recovery of the sales volume in the foreign market and effective management of the production cost. The company has been emphasizing the capacity planning and cost reduction plan to handle the fluctuation of production cost price in 2022.

Selling and Administrative Expenses

The company's proportion of selling expense to the total revenue in 2021 was 20.5% of the total revenue, increasing by 6.9 pts comparing to 13.6% in the previous years. The rise was caused by the marketing investment particularly in the foreign market and the increased export expense from container shortages in the overseas market leading to the hike of freight cost.

Furthermore, the company lowered partial budget for the domestic market and increased the budget for the foreign market to build brand awareness, expand consumer base and create brand loyalty among foreign consumers through the O2O (Online to Online/Offline Marketing) strategy, making the sales growth in the foreign market soar leap and bounds to compensate a decrease in the domestic sales.

Excluding the rising export cost, the proportion of the cost of goods sold to the total revenue remained under control and manageable by considering efficiency of budget spending. The proportion was nearly equivalent with the cost of goods sold to the total revenue in 2020, which was a normal period before the COVID-19 outbreak.

The administrative expense in 2021 was 318.3 million baht, or 8.6% of the total revenue. The figure decreased from the previous year which accounted for 8.9% of the total revenue as the growth of the total revenue was higher than the growth of administrative expense.

Unit: Million baht	Consolidated Financial Statements							
	Year 2021		Year 2020		Year 2019		Year 2018	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Selling Expense	759.9	20.5	451.5	13.6	490.1	14.5	383.5	13.3
Administrative Expense	318.3	8.6	298.4	8.9	290.7	8.6	265.5	9.2
Total Selling and Administrative Expenses	1,078.2	29.1	749.9	22.5	780.8	23.1	649.0	22.5
Total Revenue	3,712.8	100.0	3,320.9	100.0	3,386.9	100.0	2,885.9	100.0

Financial Cost

The company's financial cost in 2021 was 2.5 million baht, decreasing from the previous year which was 3.2 million baht. The decrease was caused by cancellation of some long-term rental contracts.

Corporate Income Tax

In 2021, the company had corporate income tax expense at 106.0 million baht, or 20.5% of the profit before tax.

Share of Profit (Loss) of Associates and Joint Ventures

The company acknowledged the loss of 20.2 million baht this year, mainly from the joint-investment in Danone Sappe Beverages Company Limited (calculated from 25% of shareholding) covering sales and marketing expenses to create brand awareness in the mid to long terms under the plan. However, the company expected a significant decrease of loss from 2022 onwards.

Net Profit

The net profit in 2021 was 410.2 million baht, or 11.0% of the total revenue, increasing by 6.3% compared to 386.0 million baht in the previous year.

Financial Position Analysis

Asset

The total assets of the company and its subsidiaries as of the end of 2021 were 3,848.4 million baht, consisting of current assets of 2,523.7 million baht and non-current assets of 1,324.7 million baht. The total assets increased 201.2 million baht, increasing by 5.5%, comparing to 3,647.2 million in 2020. The increase of the total assets mainly a result of increasing cash and inventories following business expansion and investment in the associates.

Liabilities

The total liabilities of the company and its subsidiaries as of the end of 2021 were 841.9 million baht, consisting of current liabilities of 745.5 million baht and non-current liabilities of 96.5 million baht. The 2021 total liabilities increased by 67.9 million baht compared to 774.1 million baht in 2020, caused by the rising deferred income for the foreign customers.

Shareholders' Equity

The shareholders' equity of the company and its subsidiaries as of the end of 2021 was 3,006.5 million baht, increasing by 133.4 million baht comparing to 2873.1 million baht in 2020, or increasing by 4.6%. The key reason was an increase in the retained earnings to 1,533.5 million baht, up from the net profit of 410.2 million baht from the year 2021 deducted the dividend payment of 310.5 million baht.

Cash Flow

A summary of the cash flow statement of Sappe Public Company Limited and its subsidiaries.

	Year 2021	Year 2020	Year 2019	Year 20218
Net cash from (used in) operating activities	693,388,814	539,910,069	605,655,849	433,473,242
Net cash from (used in) investing activities	(215,802,827)	(251,551,165)	(387,579,109)	(216,882,071)
Net cash from (used in) financing activities	(289,372,337)	(275,663,481)	(209,018,592)	(199,638,061)
Cash and cash equivalents as of January 1	194,389,005	181,695,045	172,637,193	155,684,171
Effect from the balance of exchange rates at the end of the year	6,982	(1,463)	(296)	(88)
Total cash and cash equivalents as of December 31	382,609,637	194,389,005	181,695,045	172,637,193

The company and its subsidiaries have net cash carried from December 31, 2021 at 382.6 million baht with the net profit from the operation at 693.4 million baht. The main factor was related to an increase in the 2021 core net profit of 410.2 million baht and the adjustment of depreciation and amortization of 197.9 million baht.

The net cash spent in the investing activities was 215.8 million baht. The key components included the investment in the subsidiaries and the associates at 95.0 million baht, the investment in buildings and equipment at 103.3 million baht, and the investment in the current and long-term investments at 17.1 million baht. The net cash spent in financing activities was 289.4 million baht in which the key component was the cash used in the dividend payment at 310.5 million baht.

From the cash received and used in the activities mentioned earlier, the company and its subsidiaries have remaining cash balance as of December 31, 2021 at 382.6 million baht.

Key Financial Ratios

Liquidity Ratio

As of December 31, 2021, the company and its subsidiaries had liquidity ratio of 3.39 times and quick ratio of 2.81 times. This means the current assets remain much higher than the current liabilities. It indicates that the company's liquidity is still excellent.

Debt to Equity Ratio

As of December 31, 2021, the company and its subsidiaries had the debt-to-equity ratio of 0.28 times and interest coverage ratio of 358.8 times. The figures reflected the strong financial structure and the flexibility in obtaining additional funds from the future loans, particularly from financial institutions.

Return on Equity

As of December 31, 2021, the company and its subsidiaries had the return to equity at 13.95%, increasing from 13.74% in 2020. The increase was mainly a result of the growth of the net profit, even though the increase of shareholders' equity came from the rising retained earnings.

Summary of factors that may affect future operations

External factors that affect the company's operations leading to a failure to reach the target, or encountering significant changes from the previous year include:

1) Changed competitions and business environment both domestically and internationally may affect the growth rate of the highly competitive beverage market.

2) The risk from the fluctuation of raw material prices that may increase as some core material products are commodities such as sugar and PET resin. In addition, the cost of coconut-based products under the production and distribution of All Coco Group Co., Ltd. is subject to change in accordance with the market price in each season.

3) The risk from the COVID-19 outbreak which began in late 2019 and hard hit the overall economy both in the domestic and foreign markets.

4) The risk from the fluctuation of exporting expense due to a quantitative decrease in container rotation leading to the rise of freight charge.

5) The risk from the fluctuation of foreign exchange rate as the company's income proportion from the product export was high, at 64.9% of the sales revenue.

(Details of risk factors and risk control measures referring to the topic "Risk factors on the company's operations")

However, the company realizes these external risk factors and analyzes them to adjust the operational strategies to be in line with the changing situation.

5. General information and other material facts

5.1 General information

Company	:	Sappe Public Company Limited
Nature of Business Operations	:	Manufacturer and distributor of healthy food and beverages
Office	:	1) Head Office 9/3 Bangchan Industrial Estate, Soi Serithai 56, Serithai Road, Kannayao, Bangkok 2) Branch Office and Factory 8 Moo 7 Tambon Puech-udom, Amphoe Lamlukka, Prathumthani 3) Branch Office 71 S.P. Arcade Building, Ramkhamhaeng Road, Huamark, Bangkok
Registration No.	:	0107556000591
Website	:	www.sappe.com
Telephone	:	0-2319-4949
Fax	:	0-2319-7337
Email	:	ir@sappe.com
Registered Capital	:	308,438,080 Baht, divided into 308,438,080 Common shares at 1 Baht per share
Paid-up Capital	:	306,086,680 Baht, divided into 306,086,680 Common shares at 1 Baht per share

References

1) Company Registrar

Thailand Securities Depository Company Limited 93 The Stock Exchange of Thailand Building, Rajadapisek Road, Dindaeng, Dindaeng, Bangkok

Telephone : 02-009-9000

Fax : 02-009-9992

Website : <http://www.set.or.th/tsd>

2) Auditor

1. Ms. Sureerat Thon-Arunsaeng CPA No. 4409 and/or

2. Mr. Bundit Tungpakorn CPA No. 8509 and/or

3. Ms. Marisa Tharathornbhanpakul CPA No. 5752

KPMG Phoomchai Audit Ltd.

Empire Tower 1, 50th Floor, South Sathorn Road, Yannawa, Sathorn, Bangkok

Telephone : 02-677-2000

Fax : 02-677-2222

Website : <http://www.kpmg.com/th>

3) Coordinators

1. Company Secretary: Ms. Sutatip Chantharangsee
Telephone: 02-319-4949 ext. 9709
E-mail: comsec@sappe.com
2. Company Secretary Assistant: Ms. Pimolmas Chaveworn
Telephone: 02-319-4949 ext. 2503
E-mail: comsec@sappe.com
3. Investor Relations: Mr. Chinnavit Lertbannaphong
Telephone: 02-319-4949 ext. 1805
E-mail: comsec@sappe.com

5.2 Other material facts

-None-

5.3 Legal Dispute

The company faced a civil lawsuit filed by the Chinese import-export company, Beijing Dongfang Quaishuan, on January 20, 2017 at a district court in Beijing, China. The Chinese company accused Sappe PCL of breaching an agreement for it to be a dealer and to promote marketing, seeking 3.15 million CNY (around 15 million baht) in damages. The court dismissed the case on December 26, 2019, so SAPPE did not have to pay Beijing Dongfang Quaishuan. The Chinese company has withdrawn its appeal against the ruling. Therefore, the initial ruling is considered final, resulting in the end of the case between the two companies. Both parties can no longer lodge an appeal to change the court's ruling.

2

Corporate Governance

6. Corporate Governance Policy

6.1 Overview of the Policy and Guidelines

The Company realizes the significance of effective, transparent, accountable management system which shall build the confidence to all stakeholders and will bring the sustainable growth of the business by operating the business with ethics and complies with relevant law. Therefore, the Company has established its Corporate Governance Policies so as to improve its existing operation to be the apparent system and diverse the practice to all employees of the Company which shall truly enhance the building of Corporate Governance culture. In order to do so, the Company adopted a guideline from Corporate Governance Code For a Listed Company 2017 (Corporate Governance Code: CG Code) which the Board of the Company acknowledge a guideline of CG code and aware of the role of the leader (Governing Body) in building the value for the business in sustainable manner and also evaluate the compliance of CG Code in general by considering to the evaluation result prepared and briefed by the Management. Whereas in Year 2020, the Company still determine in compliance with CG Code as much as practicable; the entire guideline in evaluation is composed of 5 sections as follows:

Section 1 The Rights of Shareholders

The Company is aware of and realizes the significance of the basic rights of shareholders, both as an investor and corporate owner e.g. right to buy, sell and transfer their securities freely; right to receive dividend; right to receive sufficient information; right to attend a Shareholders' Meeting; right to express an opinion; right to join in deciding on an important matter of the Company e.g. an allocation of dividend, a selection and a dismissal of a director, an appointment of auditor and an approval of important business transactions that will impact on the Company's business direction, an amendment of the Articles of Association or the Company's regulations etc..

Besides the abovementioned basic rights, the Company also encourages and facilitates shareholders to use their rights as follows:

1. The Company shall send a notice of Shareholders' Meeting together with sufficient information on each of the agenda in order that the shareholders will have the opportunity to be acknowledged in advance according to relevant law. The Company shall prepare such notice explicitly stating the venue, date and time, agenda, subject that will be proposed to the meeting. Each agenda shall be provided together with the Board of Directors' opinion and the publication of such notice shall be not less than 3 days prior to the date of meeting and shall be publicized for 3 days consecutive. The Company also publicizes such notice in the Company's website

so that the shareholders shall be able to study the information prior to the meeting.

2. The Company encourages all shareholders including institutional shareholders, the Board of Directors, management and relevant government agencies as well as an auditor to attend the Shareholders' Meeting.

3. In case that a shareholder cannot attend the meeting by him/ herself, the Company allows such shareholder to appoint an independent director or any person as a proxy to attend the meeting by using a proxy form, enclosed in the notice, which enables him/ her to indicate the direction of the votes.

4. The Company has established a policy, providing an opportunity to shareholders to propose their opinions, suggestions or questions in advance.

5. In the meeting, the Company provides fair opportunity for all shareholders to express their opinions and suggestions and to ask questions prior to the voting on each agenda. In the Shareholders' Meeting, the Board of Directors and management team are to be presented at the meeting to answer any questions. Questions and material recommendations shall be recorded in the minutes of meeting so that the shareholders are able to inspect.

6. The Company encourages the implementation of technology in the Shareholders' Meeting, such as shareholder registration system, vote counting and display of vote results, so that the meeting can be convened in brief, correct and precise manner.

7. In the meeting to appoint director, the Company provides an opportunity to shareholders to vote for a nominee of one whereas the shareholders are entitled to vote for their representatives of which they seems most suitable to be the director in order to protect their interests which will result in diversity and truly being the representative of the shareholders.

8. The Company encourages independent person to inspect vote counting and disclose vote results to the meeting and record such results in the minutes of meeting.

9. In an important agenda such as related person transactions, the acquisition or distribution of assets etc., the Company shall use the voting card for transparency and accountability.

10. After a meeting, the Company shall record the minutes of meeting, containing the vote process, the procedure to display vote results to the meeting prior the meeting's official commencement, the vote result of each agenda, list of directors who attend or absent from a meeting, including material issues raised in the meeting for

shareholders' review. In addition, the Company will publish the minutes of Shareholders' Meeting on the Company's website.

Section 2 The Equitable Treatment of Shareholders

The Company has a policy to treat all types of shareholders - majority shareholders, minority shareholders, shareholders vesting management position, as well as foreign shareholders - equally. The Company encourages the preparation of bilingual, Thai - English, meeting invitations and publication of such invitations on the Company's website. The Company also offers shareholders an opportunity to propose meeting agenda considered material and to nominate qualified and suitable persons for consideration of being elected as a board of directors member before the Shareholders' Meeting takes place so that the Board of Directors is able to review and prepare and adopt the proposed agenda in an Annual General Meeting of Shareholders.

The qualification of a shareholder to propose an agenda as abovementioned shall be in accordance with the provision set forth in section 89/28 of Securities and Exchange Act stipulating that a shareholder or shareholders who hold voting shares with the right to vote of not less than five percent of the total number of voting rights may submit a written proposal in order to request the Board of Directors to include such proposal as an agenda of the Shareholders' Meeting. A proposal shall include an objective and details as well as any useful information. In the nomination of a director, a shareholder is required to provide the nominated person's qualification as well as other useful information including such person's consent. Such person shall be fully qualified in accordance with Public Company Limited Act, Securities and Exchange Act and all relevant regulations of the Office of Securities and Exchange, Capital Market Supervisory Board, Stock Exchange of Thailand and the Company's Objectives as well as possesses the qualification set forth by the Company e.g. equipped with knowledges and experiences that support the Company's business operation, and be able to carry out duties of directors with fidelity, morality, ethic as well as be able to consistently join the Board of Directors' Meetings etc.

In a submission of an agenda or a nomination of the Company's director, a shareholder is required to provide the relevant information to the Company in advance as the time period set by the Company so that the Board of Directors is able to review and include such proposal to be the agenda of the Shareholders' Meeting as well as to disseminate the invitation and relevant documents to other shareholders before a meeting.

The Company, however, reserves its right to exclude the following proposals in the agenda of the meeting e.g. a proposal related to the ordinary business operation but the fact given by the shareholders does not indicate reasonable ground to suspect the irregularity of such matter, a proposal beyond the company's power to produce proposed result; a proposal the nature of which is

normally obliged by law to include into an agenda and the Company has always complied with such law; a proposal not giving any benefit to the operation of the Company; a proposal the nature of which violates law, notification, regulations of any government / regulatory bodies, or against the Company's Objective, Articles of Association, a resolution of the Shareholders' Meeting or Corporate Governance Code, a proposal of which shareholder gives incomplete information or incorrect information or the Company is unable to contact such shareholder to acquire additional information, a proposal submitted to the Shareholders' Meeting for consideration within the previous twelve months and received the supporting votes of less than ten percent of the total number of the voting rights and the fact pertaining in the resubmission has not significantly changed from that of the previous Shareholders' Meeting or the Company has already performed such proposal or it is the same proposal proposed etc. This also includes the case where shareholders have not complied with relevant regulations. The Company shall notify such exclusions to its shareholders through news channel of Stock Exchange of Thailand and the Company's website

A proposal, that will be included in the agenda of the Annual General Meeting of Shareholders and/or list of person to be nominated to be the Company's director, the independent directors shall consider and present to the Board of Directors for consideration and conclusion of whether to be included in the agenda of the meeting. The opinion of the Board of Directors shall be ultimatum.

In the meeting, the Company provides fair opportunity for shareholders. Before the meeting commences, the Chairman of the meeting shall describe the exercise of voting right, the voting right required for resolution in each agenda and shall provide the session for shareholders to express their opinions and suggestions and to ask questions on each agenda with the proper amount of time. The Chairman shall conduct the meeting in accordance with agenda of meeting consecutively. The Company shall not deprive a shareholder of any right in examining the information required to be disclosed in accordance with relevant regulations and any right to attend in the shareholder's meeting e.g. the Company has a policy of not adding any agenda in the meeting without prior notification to shareholders, for example.

The Company has strictly regulated the use of inside information in order to prevent the unlawful use of such information for oneself or for third person (Abusive self-dealing) as well as to encourage the fairness to all stakeholders. For such purpose, the Company has established in writing an order which is a guideline in keeping of inside information and a guideline in prevention of Abusive Self-Dealing including setting that all directors, managements and employees shall not trade the Company's securities and/or enter into any transactions by using any confidential information and/or inside information of the Company and or of the associated companies which will cause any damages whether directly or indirectly to the

Company. Moreover, all directors, managements and employees who are working for the Company and receiving inside information shall not use such information before public disclosure and all persons relating to any inside information shall be restricted in trading of the Company's securities through their self, spouses, minor children, either direct and indirect (e.g. using Nominee through private funds) within period of 1 month before the disclosure of Quarterly Financial Statements and Yearly Financial Statements.

The Company sets the disciplinary penalty for the person who violates abovementioned regulation and order or commits any disclosure causing damages to the Company according to the circumstance of a case e.g. through a verbal warning, a warning letter, a probation as well as a termination of employment etc.

The Company provides information to directors and management regarding their duties to report any changes on holding of the Company's securities and the penalty provision set forth in Securities and Exchange Act B.E. 2535 and the regulation of Stock Exchange of Thailand. In case that directors or management trade the Company's securities, they are obliged to report to the Office of Securities and Exchange Commission of such change of themselves, their spouses and their minor children in accordance with section 59 of Securities and Exchange Act B.E. 2535 within 3 working days for further public disclosure. This includes the obligation to provide the changes in securities and derivatives holding report (Form 59-2) to the Company Secretary for further report to the Board of Directors every time that there is a report of such change to the Office of Securities and Exchange Commission.

Moreover, the Company adheres to a principle to treat every shareholder equally and set the guideline to manage any conflicts of interest with transparency and accountability. **Especially, in the case where the Company has committed any related transactions with director or executive who has conflict of interest or involves in the process of making decision regarding such transactions, it is necessary to obtain the approval from Audit Committee and the Board of Directors. Any director being in conflict of interest in any issue shall be unable to vote for such issue and in case that such related transaction is required for disclosure or an approval from shareholders according to the regulation of Stock Exchange of Thailand, the Company shall disclose details and rationale of such transaction for shareholders' acknowledgement prior to the execution of such transaction. The disclosure shall address shareholders (1) Name and relationship of the related person (2) pricing policy (3) total value of such transaction (4) the opinion of the Board of Directors and other significant and related information of such transaction.**

Section 3 The Role of Stakeholders

The Company has placed emphasis on the rights of all stakeholders, whether they are internal stakeholders e.g. shareholders, management and employees or external stakeholders e.g. creditors,

customers, business partners, competitors, public sector, society and communities, etc. The Company is fully aware that supports and comments from all groups of stakeholders will benefit the Company's operations and business development. Therefore, the Company shall comply with relevant laws and regulations to ensure that the rights of the abovementioned stakeholders are well managed.

In addition, the Company's business operations consider the rights of all stakeholders in accordance with the following guidelines:

Employees: The company always recognizes that employees are valuable resources of the organization. The Company is determined to continuously develop the potential of its employees by developing their skills, knowledge, and abilities. and provide equal opportunities for career advancement and provide compensation at an appropriate rate along with ensuring the quality-of-life Safety and hygiene at work.

In addition, the Company attaches great importance to and takes into account the principles of human rights and therefore has no discriminatory policy and provides equal opportunities for all employees. This includes considering employment regardless of race, color, gender, religion, nationality and political opinion. by taking care and treating all employees fairly

Shareholders: The Company is committed to equitable treatment of shareholders, protects the interests of shareholders and avoids committing any actions resulting in violation or depriving any rights of shareholders as well as respects the rights of shareholders to be acknowledged of the Company's disclosed information regarding an evaluation of management and the accuracy and reliability of information of the Company's financial performance in order to create growth and business value for the long term benefit of shareholders.

Customers: The Company adheres to treat customers with honesty and fairness. The Company is committed to satisfying and assuring customers by paying attention to customers 'needs, saving quality and safe products that meet standard with reasonable price and terms and conditions agreed between the Company and customers. The Company consistently develops and upgrades the standard of products and services to new higher level, while maintaining good relationship with customers, as well as avoids using customers' data for the benefit of the Company and related parties.

Suppliers and creditors: The Company are aware of equality, fairness, and honesty in business operation, protecting interests of suppliers and creditors; conducting business with ethics by not requesting, accepting or paying benefits in dishonest manner. The Company has an authority handbook for approval of purchasing transactions with varied amount of value to increase business flexibility. The Company strictly complies with terms and conditions in agreements between the Company and other parties including creditors.

Competitors: The Company commits itself to fair trade competition, aware of business ethics and relevant laws regarding trade competition and adheres to the rules of fair competition. The Company shall not enter into any agreements with competitors or anyone leading to limitation of trade competition. The Company shall not destroy the reputation of competitors by accusing or defaming the competitors with no ground or act in any way that is unfair to the competition.

Public sector: The Company places emphasis on transparent business activities with government officials / agencies to avoid any acts that may incite improper actions of those parties, which lead to the violation of good corporate governance principles.

Community and Society: The Company has established a policy to support and provide proper assistances to society and communities nearby. The Company shall provide good cooperation's to comply with international standard or agreements

Environment: The Company are aware of production process to prevent negative impacts on environment. The Company shall cooperate in reducing waste from both production processes and general usages, conserving natural resources, as well as using resources, equipment, and raw materials with the most efficiency and effectiveness.

Guidelines on non-infringement of intellectual property or copyright

As the Company owns various types of intellectual property due to the nature of business operations, the Company is aware of creativity of works from thinking and intelligence and considers as proprietary assets which should be protected from illegal uses. Therefore, the Company has established a policy to strictly comply with all intellectual property laws, regarding trademarks, copyrights or patents. The Company shall check and ask for permission before using of any work or information possibly owned by third parties to prevent the infringement of intellectual property and at the same time, the Company has provided employees trainings in accordance with intellectual property and the penalty resulting from intellectual property infringement. The Company also supports and encourages employees to use their knowledges in researching, developing and innovating without violation of the intellectual property of others.

Stakeholder Contact Channels: The Company provides an opportunity for the interested party to contact, share his/her opinions, make complaints and report unlawful actions as well as provide comments through various channels as follows:

Employee

- The Company has established a policy to allow employees to make any complaints, in both verbal and writing or Application, Line or Facebook as deemed appropriate, directly through direct supervisors.

- The Company provides complaint & suggestion boxes at the office and factory which shall be supervised by the Human Resources Department. The boxes will be opened once a month to screen the subjects and present to management for further consideration. In the case of a letter to the CEO, such letter with sealed will be delivered directly to the CEO.

General Public

- Notify through Investor Relations via 02-3194949 ext. 312
E-mail: ir@sappe.com
- Notify through Company Secretary via 02-3194949 ext. 9709, 2503
E-mail: comsec@sappe.com
- Notify through Corporate Communications via 02-3194949 ext. 1669
E-mail: sd@sappe.com
- Notify through Human Resources via 02-3194949 ext. 1401, 1402
E-mail: hr@sappe.com

All suggestions will be collected, screened and reported to the top management of the Company for further solutions.

Section 4 Disclosure and Transparency

The Board of Directors places the emphasis on disclosure of information that affects the decisions of investors and stakeholders including financial and general information reports in accordance with the regulations of the Office of the Securities and Exchange Commission and Stock Exchange of Thailand as well as other essential information affecting the price of the Company's securities, to be accurate, complete, timely, reliable and transparent. The Company's information has been distributed to shareholders, investors and public through various media channels such as Stock Exchange of Thailand's channel, the Company's website as well as Form 56-1 One report

The Company has established a guideline for good corporate governance regarding a report of the Company's securities holding that a director or executive who trade the Company's securities must report such trading information of themselves, their spouses and their minor children, according to Section 59 of Securities and Exchange Act B.E. 2535, to the Company Secretary at least 1 day before the trading day and submit the changes in securities and derivatives holding report (Form 59-2) within 3 business days after trading to the Office of the Securities and Exchange Commission for further public disclosure.

The Board of Directors is responsible for the Company's financial statements and information in the Annual Report including the preparation of management discussion and analysis (MD&A). The financial statements shall be prepared in accordance

with generally accepted accounting standards in Thailand by using appropriate accounting policies and consistently practice including complete and adequate disclosure in the financial statements. In this regard, Audit Committee will review the quality of financial reports and internal control systems including sufficient disclosure of material information in the notes of financial statements and report to the Board of Directors for acknowledgement

The Board of Directors will oversee the disclosure of auditor's remuneration and other fees for other services provided including the disclosure of remuneration of directors and top-level management in order to reflect the duties and responsibilities of each person.

For the work of investor relations, the Company has an investor relations department responsible for disclosing financial information of the Company that is essential and important to shareholders, investors and securities analysts and related regulatory bodies, via reporting to The Stock Exchange of Thailand, the Office of Securities and Exchange Commission and the Company's website on the "Investor Relations" topic so that the interested person is able to easily study. Moreover, there are various activities to disseminate and clarify as well as provide investors the opportunity to ask questions transparently. The top-level management shall participate in the clarification as well. The participation of top-level management in the investor relations activities in 2021 can be summarized as follows:

Analysts' meetings to explain the company's quarterly performance were held twice. The first one was held on March 24, 2021 with 21 participants and the analysis was published by four securities companies. The second meeting was organized on November 15, 2021 through video conference and the analysis was published by three securities companies. The company also attended the SET Opportunity Day organized by the Stock Exchange of Thailand (not included the 2021 quarterly performance to be published in newspapers and online media).

In addition, the company provided information through 20 conference calls for high-ranking executives. In case they could not attend the calls, the investor relation executives and team will be assigned to constantly provide information to the investors both in Thailand and overseas.

Section 5 Responsibilities of the Company's Board of Directors

1. Structure of the Board of Directors

The Board of Directors consists of individuals who possess knowledges, skills, competencies and experiences that can provide benefit to the Company; whereas, they are important players in formulation of policy and organizational overview, business operation plan, and oversight, inspection, evaluation of the Company's operations to align with the plan as well as

conducting the business to be in accordance with laws, regulations and resolutions of the Shareholders' Meeting with integrity and ethics. This includes overseeing the management to meet the set goals and guidelines to maximize the benefits of the Company and shareholders

The structure of the Company's Board of Directors consists of independent directors not less than one-third of the directors leading to the balance of voting in consideration of various matters and there is an Audit Committee which includes at least 3 independent directors.

As of 31 December 2021, the Company's Board of Directors consists of ten members with six non-executive directors, five of which are independent directors, three of which are also members of Audit Committee. There are four members in charge of executive positions, including (1) Chairman of Executive Committee (2) President (3) Chief Executive Officer and (4) Chief Operating Officer, whereas the structure of the Company's Board of Directors consists of independent directors more than one-third of the total directors providing balance of votes in consideration of various matters and reviewing the performance of management team for the best interest of the Company. The number of independent directors of the Company is in accordance with the regulations set by the Office of the Securities and Exchange Commission which stipulates that it is obliged to have independent directors at least one-third of total directors.

According to the Company's Articles of Association, it is necessary that, in every Annual General Meeting, at least one-third of directors must retire by rotation. If the number of directors cannot be divided into three parts, then, the number of directors retiring in the first year shall be closest to one-third of directors. For the second year after the Company's registration, the selection of directors retiring shall be conducted by drawing lots. For the subsequent years, the directors holding the positions for the longest shall retire. However, the retiring directors may be nominated to retake a position.

In addition, the Company's Board of Directors has appointed Sub Committees consisting of Audit Committee and Executive Committee in order to perform specific duties and propose matters to the Board of Directors for consideration or acknowledgment, such committees have rights and duties as specified in the authority of each sub-committee.

The Board of Directors has a policy that the Chairman of the Board of Directors and Chief Executive Officer must not be the same person for the clarity of responsibility regarding policy making, supervising and routine management.

The Company clearly separates the roles, duties and responsibilities between the Board of Directors and management team to balance the power. The Board of Directors is responsible

for policy making and supervision of the work of management team in policy level, while the management team manages the company's operations in various functions to be in accordance with the specified policy.

In addition, the Board of Directors has appointed the Company Secretary to carry out duties and responsibilities under the Securities and Exchange Act.

Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors is responsible for consideration and approval of material issues regarding the Company's operations such as vision and mission, strategy, risk, work plan and budget, as well as supervises management team to proceed in accordance with the specified policy and plan in efficient and effective manner

In year 2021, the Board of Directors considered, reviewed and approved the company's vision, mission, strategy, goals, and business direction as well as monitored and implemented the Company's strategy. In every quarterly meeting, the Board of Directors follows up the management team on the report of the Company's operations and financial performance as well as various work plans to meet the set goals.

Authority of the Board of Directors consists of:

- Approval of appointment of directors to replace the resigned directors and appointment of a Sub-Committee
- Approval of hiring, appointment, transfer, evaluation, punishment and termination of the Company's President, Chairman of Executive Committee and Chief Executive Officer
- Approval of compensation and other benefits of the President, Chairman of Executive Committee and Chief Executive Officer
- Approval of establishment of an organization, acquisition, merger, dissolution
- Approval of annual budget and quarterly financial statements
- Approval of interim dividend payment
- Approval of issuance of work regulations
- Approval of investment in new projects, buying / selling of non-financial investments, entering into credit agreements and obligations, and entertainment expenses / donations in the amount exceeding the authority of Executive Committee

Separation of Duties between Policy Establishment and Routine Management

The Board of Directors has clearly delegated authorities, duties and responsibilities to determine corporate governance

policy and daily management policy. The Chairman of the Board of Directors and the Chairman of Executive Committee are elected by the Board of Directors which are not the same persons. The Chairman of the Board of Directors plays an important role in making decisions on a corporate policy as a result of the Board of Directors' Meeting that has considered and determined business goals with management, conducting the meeting in an efficient and effective way by encouraging participation of all directors and independent expression of individual opinions, as well as being the chairman of the Shareholders' Meeting of the Company. The Chairman of the Board shall not involve in daily management but shall regularly support and advise on the business operation through the Chairman of Executive Committee, who is responsible for the Company's management under the authority assigned by the Board of Directors.

6.2 Business Ethics

The Board of Directors adheres to righteous and fair business practices. The Company has announced the implementation of ethics and codes of conduct in writing, so that all directors, management, and staff have to comply with; support in complying with ethics; not neglect or ignore when witness a violation of ethics in order to show the intention of conducting business with transparency, morality, responsibility to the stakeholders and with consideration to society and the environment. The Company has prescribed guidelines on ethics in various aspects e.g., the treatment to each other, giving or receiving of gifts, conflict of interest, the Company's business transaction, transactions with the state enterprises, environment, health and safety, procurement of marketing communications, trade competition, international business operations, treatment of data and assets, political actions, and the prevention of money laundering.

In this regard, the Company has announced and informed all directors, management, and employees to acknowledge and adhere strictly with such ethics including the implementation of the said guidelines.

In the last year, the company has not received any complaints related to the violation of the code of conduct.

6.3 Material changes and developments regarding policy, guidelines, and corporate governance system in the preceding year

Over the years The Company has always reviewed policies, practices, and corporate governance. To improve the standard of corporate governance of the Company to be in accordance with the good corporate governance rules for listed companies of the SEC. Criteria under the Corporate Governance Report of Thai Listed Companies (CGR) by Thai Institute of Directors Association (IOD).

In 2021, the Company received the Corporate Governance Report of Thai Listed Companies (CGR) assessment from the Thai Institute of Directors (IOD), with an average score of 87%, equivalent to 4 stars which was higher than the average score of previous year and higher than an average score of peers (716 companies in total) listed in SET. This is shown as the determination to be a good corporate governance company.

In addition, the Company received full score of 100% for the second year in a row from the AGM Checklist 2021, evaluated by the Thai Investors Association. This has shown that the Company attaches importance to sustainable business operations under good corporate governance along with consideration of all stakeholders

Conflict of Interest

The Board of Directors has established a policy regarding conflicts of interest prohibiting directors, management, and employees, and those involved with such persons, from seeking personal interests in conflict with the Company's interests and they should avoid any actions that cause conflicts of interest. Moreover, persons involved or connected with the considered transactions are required to inform the Company about the relationship or connection in the said transactions and shall not participate in considering, deciding, and possessing authority to approve such transactions.

Audit Committee shall present to the Board of Directors the related transactions and transactions whose natures hold conflicts of interest which has been considered carefully and that the Company has strictly complied with the regulations of the Office of the Securities and Exchange Commission, Capital Market Supervisory Board and Stock Exchange of Thailand regarding the execution of such transactions, setting of price and conditions with whom the Company may have conflicts of interest to be the same as if executing with a third party. All transactions shall be disclosed in the Company's financial statements and Form 56-1 One report.

The Company has prepared the report of conflict of interest of directors, management, and related persons in order to use as basic information for overseeing such conflict of interest which requires directors and management to prepare the said report annually and when there is any change. The Company Secretary shall have duty in collecting and copying the said report to the Chairman of the Board of Directors and the Chairman of Audit Committee for inspection and control.

The Company has prepared the report of conflict of interest of directors, management, and related persons in order to use as basic information for overseeing such conflict of interest which requires directors and management to prepare the said report annually and when there is any change. The Company Secretary shall have duty in collecting and copying the said report to the Chairman of the Board of Directors and the Chairman of Audit

Committee for inspection and control. access to inside information are prohibited from disclosing inside information to external parties or non-related persons as well as trading the Company's securities for the period of 1 month before the financial statements are publicized which is set to prevent the misuse of inside information.

Internal Control System

The Company's Board of Directors recognizes the significance of effective supervision and effective internal control, both at the management level and at operation level. Internal control system is an important mechanism to build confidence in management in terms of business risks mitigation, efficient business operation by allocating resources properly to achieve the goal, assets protection from leaks, loss or fraudulent mis conduction, accurate and reliable financial reports, personnel's compliance of relevant laws and regulations, and protection of shareholders' investment. Therefore, the Company has clearly determined obligations, authority of employees and management in various matters in writing. There is a control on utilization of the Company's assets for the highest benefits, and separation of duty between business operators and supervisors with separate results evaluation for checks and balances.

The Board of Directors has assigned Audit Committee to be responsible for reviewing the proper and efficiency of the internal control system, including establishing and reviewing control systems regarding operation, financial reporting, compliances of regulations and policies, risk management, as well as giving priority on early warning sign and unusual incident.

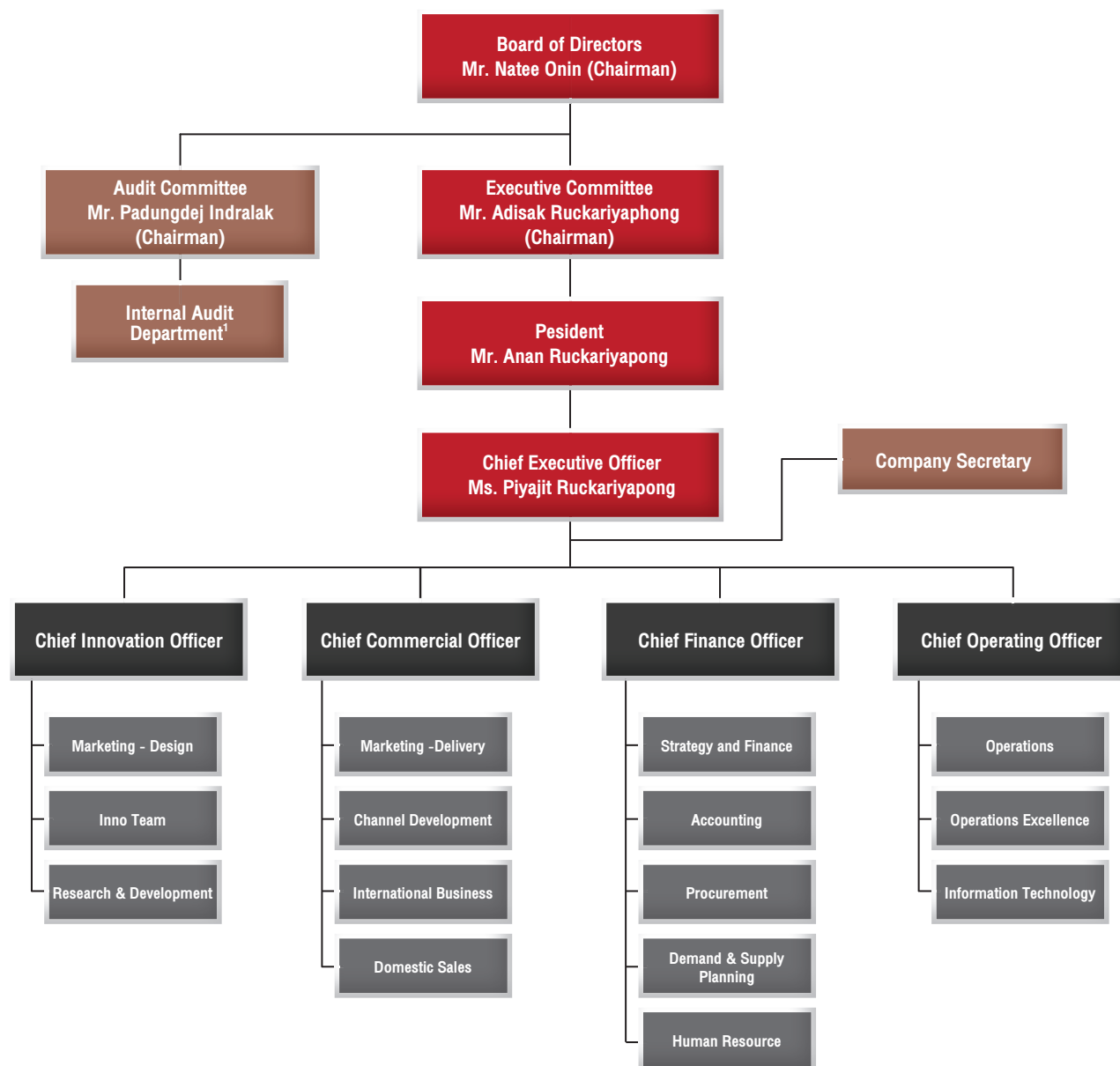
In this regard, the Company hired a third party, P&L Corporation Co., Ltd., to be responsible for quarterly internal audits and control system for the year 2021 in order to ensure that the Company has sufficient and proper internal control systems. To make the said internal auditor be independent and be able to fully check and balance, the internal auditor will report the audit results directly to Audit Committee. The Company regularly monitors and evaluates the results. The adequacy of the internal control system will be assessed at least once a year to ensure that the implemented system can be operated efficiently.

Anti-Corruption

The company has an anti-corruption policy. Including preparing written guidelines for not asking, not accepting, not paying, and not doing business with persons and entities related to corruption. which has been approved by the board. In 2020, the company was certified to join the Thai Private Sector Collective Action Against Corruption (CAC).

7. Corporate governance structure and significant information related to the Board of Directors, subcommittees, executives, employees and others

7.1 Corporate Governance Structure (As of 31 December 2021)



Note: 1 P&L Corporation Co., Ltd. was hired as an internal auditing company in each quarter of 2021

7.2 Information on the Board of Directors

Management structure of the Company consists of Board of Directors, Audit Committee, and Executive Committee. The Board of Directors, committees, and executives of the Company comprise personnel with qualifications as per Section 68 of Public Limited Companies Act B.E. 2535 and the relevant Notifications of the Capital Market Supervisory Board as supported by description below.

7.2.1 Board of Directors

Board of Directors Structure

The Board of Directors consists of experts who are valuable to the Company in the aspects of business knowledge, accounting & finance, management, business strategy, and corporate governance while possessing qualifications in line with laws regarding public limited companies and securities and exchange. They are persons who can dedicate themselves and their time to acting on duties and responsibilities. As of 31 December 2020, the Board of Directors consisted of 10 persons as follows.

Name		Position
1.	Mr. Natee Onin	Chairman
2.	Mr. Adisak Ruckariyaphong	Vice Chairman
3.	Mr. Anan Ruckariyapong	Director
4.	Mr. Arnupap Ruckariyapong	Director
5.	Ms. Piyajit Ruckariyapong	Director
6.	Mrs. Niratchara Siriamphunkul	Independent Director
7.	Mr. Thana Thienachariya	Independent Director
8.	Mr. Padungdej Indralak	Independent Director and Chairman of the Audit Committee
9.	Ms. Kunnigar Triyangkulsri	Independent Director and Member of the Audit Committee
10.	Mr. Surath Pralongsil	Independent Director and Member of the Audit Committee

Ms. Sutatip Chantharangsee, Assistant Vice President of New Business Partnership, Strategy and Finance Department, is the company secretary.

The Board of Directors structure consists of 10 persons, appropriate for size of the business, including 6 non-executive directors. There are 5 independent directors which amount to one-third of total directors.

Authorized Director

2 of 3 directors, Mr. Anan Ruckariyapong, Mr. Adisak Ruckariyaphong, and Mr. Arnupap Ruckariyapong, shall jointly sign and stamp the seal of the Company.

In case of land lease agreements and trademark license agreements as well as any operation required and related to the agreements, including but not limited to the agreement registration with relevant government agencies and signing of relevant documents, Mr. Natee Onin shall sign and stamp the seal of the Company.

Term of Office of Directors

In an Annual General Meeting, one-third of directors shall vacate the office. If the number of directors makes it impossible to divide them into 3 equal parts, the number of directors nearest to one-third shall vacate the office. The directors who shall vacate the offices in the first and the second year after the registration of the company shall be decided by drawing lots. After that, the directors who have been in office the longest shall vacate the office. Vacating director may be re-elected.

Scope of Authority, Duties, and Responsibilities of Chairman

In order to make clear separation of authorities and duties regarding policy formulation and management of the Company, the Chairman possesses the authority, duties, and responsibilities as follows:

1. Controlling the meeting to be effective in accordance with the regulations, Articles of Association, supporting and allowing directors to ask questions and express their opinions independently. Take control of the discussions and summarize the resolution of the meeting.
2. The chairman of the board or the person assigned by the chairman of the board has the duty to call the meeting of the board of directors. By sending the meeting invitation letter no less than 7 days before the meeting date so that the directors have enough time to study and consider and make the right decisions in various matters at the board meeting.
3. Support and promote the Board of Directors to perform their duties to the best of their ability according to the scope of duties and responsibilities and in accordance with good corporate governance principles.
4. Oversee and monitor the management of the Board of Directors and other sub-committees to achieve the objectives
5. To be a casting vote in the event of votes on both sides are equal

Scope of Authority, Duties, and Responsibilities of Directors

The Board of Directors possesses the authority, duties, and responsibilities for management of the Company in accordance with laws, objectives, and regulations of the Company and resolutions of the Annual General Meeting through honesty and attention to the best interest of the Company, including significant duties and responsibilities as follows.

1. Hold Annual General Meetings within 4 months after accounting period end date of the Company. The Company shall send board of directors meeting and Annual General Meeting invitation letters in advance which should have adequate preparing time and shall not be lower than the required duration as dictated by the regulation of the Company.
2. Hold a board of directors meeting once every 3 months with everyone presented for consideration and

resolution of significant transactions, which include acquisition or disposition of assets of companies and subsidiaries affecting the Company, purchase or sale of significant assets, investment project expansion, consideration and approval connected transactions as per criteria of Stock Exchange of Thailand determination of level of authority, establishment of finance and risk management policy for the Company's operations, etc.

3. Ensure clear and transparent processes and management regarding transaction between the Company and connected persons and acquisition or disposition of assets of the Company to prevent conflicts of interest by establishing an approval process as well as disseminating information in line with criteria, methodology, and procedures as specified in Securities and Exchange Act B.E. 2535 (including amendment) and relevant laws, rules, notifications, and regulations of the Stock exchange of Thailand.

4. Establish credible accounting, financial reporting, and auditing systems and documentation systems, which can check accuracy of information by tracing back to its origin, as well as efficient and effective internal control, internal audit, and risk management.

5. Ensure proper conduct of financial statements at end date of accounting period in order to display financial status and performance in the previous year accurately and completely as per generally accepted accounting principles, and be audited by the Company's auditor before proposing to Annual General Meetings for consideration and approval.

6. Establish goals, guidelines, policies, action plans, and budgets of the Company, and monitor and supervise the management as specified in the established policies, action plans, and budgets efficiently and effectively.

7. Review, verify, and approve business expansion plans, major investment projects, and joint investments with other entrepreneurs as proposed by the management.

8. Consider appointment of the Audit Committee, Executive Committee, Chairman of Executive Committee, President, Chief Executive Officer ("CEO"), and other committees as deemed appropriate, and define scope of authority as well as remuneration of the appointed Executive Committee, Chairman of Executive Committee, President, CEO, and other committees.

Granting such mandate should not allow the Executive committee, Chairman of Executive Committee, President, CEO, and other committees to consider and approve transactions which may have conflicts of interest or other conflicts of interest with the Company or subsidiaries (if any) unless approving transactions are in accordance with policies and criteria which have already been considered and approved by the Board of Directors.

In case the Board of Directors assigns Chairman of Executive Committee, President, CEO, and other persons to act on behalf of the Board, the assignment shall include a proof in a written form or a resolution as recorded in minutes of meeting of the board of directors as well as a clear scope of delegated authority.

9. The Board of Directors may assign one or many directors or other persons to operate any particular actions on behalf of the Board under monitoring and supervision of the Board, or delegate authority to such persons with scope and duration as deemed appropriate. The Board may cancel, change, or rectify such authority as appropriate.

The authorization should not allow such persons to consider and approve transactions in which they or related persons may have conflicts of interest with the Company or subsidiaries (if any) unless approving normal transactions in accordance with normal trade terms, policies and criteria, which have already been considered and approved by the Board of Directors. The mandate shall follow criteria, conditions, and procedures regarding connected transactions and acquisition or disposition of significant assets of listed companies as per relevant Notifications of the Capital Market Supervisory Board and/or other notifications of relevant agencies.

10. Directors and executives shall report conflicts of interest of selves and connected persons who have conflicts of interest in business management of the Company or subsidiaries as per criteria, conditions, and procedures of relevant Notifications of the Capital Market Supervisory Board.

11. Both directors and executives shall be liable to any persons who trade the Company's securities and cause potential damage from disclosure of false information or hiding substantial information which is required to be disclosed as per Securities and Exchange Act unless such directors and executives can prove they are not in the position to know such information or the lack of such information to be disclosed.

12. Directors, executives, and spouses and minor children of directors or executives are not allowed to use internal information of the Company, subsidiaries, or associate companies whether from performing duties or other means which cause or may cause a significant impact to the Company, subsidiaries, or associate companies for benefits of selves or others, directly or indirectly, and whether receiving compensation or not.

Directors and executives of the Company including related persons of such directors and executives are obliged to inform the Company about their relationships and any connected transactions with the Company, subsidiaries, or associate companies which may cause conflicts of interest, and avoid making such transactions with the Company, subsidiaries, or associate companies.

7.3 Information on subcommittees

7.3.1 Audit Committee

As of 31 December 2021, the Audit Committee consisted of 3 persons as follows.

Name		Position
1.	Mr. Padungdej Indralak	Chairman
2.	Ms. Kunnigar Triyangkulsri	Member
3.	Mr. Surath Pralongsil	Member

Ms. Kunnigar Triyangkulsri is an expert with adequate skills and experience for auditing credibility of financial statements, and Ms. Sutatip Chantharangsee, the Assistant Vice President of the New Business Partnership, Strategy and Finance Department, is the secretary of the Audit Committee.

Term of Office of the Audit Committee Members

The Audit Committee has a term of office for a term of 3 years. The Audit Committee members hold office for a term of 3 years and in accordance with a term of office as the Director of the Company. When the term of office is expired, it may be re-appointed as the Board of Directors deems appropriate.

Scope of Authority, Duties, and Responsibilities of Audit Committee

1. Ensure accurate and adequate financial statements of the Company.

2. Ensure appropriate and efficient internal control and internal audit systems of the Company, consider independency of internal audit agencies, and make approval in consideration of appointment, relocation, and termination of the head of the internal audit agencies or other relevant agencies.

3. Ensure the Company complies with Securities and Exchange Act, regulations of the Stock Exchange of Thailand, and other relevant laws.

4. Consider, select, nominate, and terminate independent persons to be auditors of the Company, offer remuneration to such persons, and attend a meeting with auditors and without the participation of the management at least once a year.

5. Consider connected transactions or transactions which may have conflicts of interest to be in line with laws and regulations of the Stock Exchange of Thailand in order to ensure such transactions are reasonable and offer the best interest to the Company.

6. Other operations assigned by the Board of Directors and approved by the Audit Committee, for example, review financial management and risk management policies, review code of conduct compliance of executives, and review together with the Company's executives the publication of important reports as specified by law, such as management reports and analyses, etc.

7. Conduct report of the Audit Committee to be disclosed in annual report of the Company. The report shall be signed by the Chairman of the Audit Committee and incorporate information as follows.

- Opinions on accuracy, completeness, and credibility of financial reports of the Company.
- Opinions on adequacy of the internal control system of the Company.
- Opinions on compliance regarding Securities and Exchange Act, regulations of the Stock Exchange of Thailand, or relevant laws.
- Opinions on suitability of auditors.
- Opinions on transactions which may have conflicts of interest.
- Numbers of Audit Committee meetings and attendance of each member.
- Overall opinions or observations received regarding the compliance with Audit Committee Charter.

- Other reports which shareholders and investors should be informed under scope of duties and responsibilities as granted by the Board of Directors.

8. In the Audit Committee's operations, if the committee finds or is suspicious of these transactions below which may significantly affect financial status and performance of the Company, the committee shall report the matters to the Board of Directors in order to rectify them within periods as deemed appropriate by the Board.

- Conflict of interest transaction.
- Corruption or significant abnormality or fault in the internal control system.
- Violation of Securities and Exchange Act, regulations of the Stock Exchange of Thailand, or relevant laws.

If the Board of Directors or executives do not rectify the aforementioned matters within periods as specified in the first paragraph, any Audit Committee member may report such matters to the Securities and Exchange Commission or the Stock Exchange of Thailand.

9. Summarize Missions of the Audit Committee to the Board of Directors.

The Audit Committee has authority to carry out operations, for example, inviting directors, employees, or workers of the Company to a meeting to discuss and clarify the matters regarding duties and responsibilities of the Audit Committee, requesting advice from experts or the Company's consultants (if any) or hiring outside consultants or experts occasionally as necessary within the Company's budgets, requesting evidence documents regarding the business of the Company for investigation, assigning one or many employees of the Company to perform tasks within the scope of duties of the committee on account of investigation including relevant tasks assigned or requested by the subsidiaries.

The Company hired P&L Corporation Co., Ltd. as an internal auditing company in 2019 which was a third party and did not have any connection with the Company to examine the internal control system of the Company to ensure sufficiency of the system.

7.3.2 Executive Committee

As of 31 December 2021, the executive committee consisted of 5 persons as follows.

Name		Position
1. Mr. Adisak	Ruckariyaphong	Chairman
2. Mr. Anan	Ruckariyapong	Member
3. Ms. Piyajit	Ruckariyapong	Member
4. Mr. Arnupap	Ruckariyapong	Member
5. Mr. Thanarat	Ruckariyapong	Member

Ms. Sutatip Chantharangsee, Assistant Vice President of New Business Partnership, Strategy and Finance Department, is the secretary of the executive committee.

Term of Office of Executive Committee

An executive committee member is appointed by the Board of Directors with consideration of educational backgrounds and work experiences of the candidate. An executive committee member shall vacate the position due to death, resignation, disqualification and possession of prohibited characteristics in accordance with laws or being removed from the office by the resolution of the Board of Directors meeting. Any executive committee member who intends to resign shall submit a resignation letter to the Company and shall be effective upon submission. In case an executive committee position is vacant, the Board of Directors shall select a new qualified person.

Scope of Authority, Duties, and Responsibilities of Executive Committee

The executive committee has authority, duties, and responsibilities regarding normal cause of business operations as per objectives, regulations, policies, rules, provisions, orders, and resolutions of the Board of Directors meetings and resolutions of Annual General Meetings. The executive committee shall review and establish policies, business plans, budgets, management structure, and management authority of the Company while establishing criteria for business operations in line with economic conditions and propose to the Board of Directors for consideration and approval, as well as monitor and follow-up the Company's performance as specified in the policies. The executive committee has duties and responsibilities as follows.

1. Propose goals, policies, business plans, business strategies, annual budgets, business expansion, financial planning, human resource management policies, consider and review management's proposals to be proposed to the Board of Directors for approval.
2. Manage and follow up business operations in accordance with the established policies, business plans, and goals as well as budgets approved by the Board of Directors.
3. Consider and approve for major expenditures indicated in the annual budget as approved in principles by the Board of Directors.
4. Consider and approve loans and credit requests with the period not exceeding 5 years; each request of credit limit is within 300 million baht and debt to equity ratio shall be maintained at the level approved by the Board of Directors. In case there is request for the Company's assets, except for land and factory, as collaterals, the matter shall be proposed to the Board of Directors for approval.
5. Consider profit and loss of the Company and interim or annual dividend payment to be proposed for the Board of Directors' approval before proposing to the Annual General Meeting.
6. Establish organizational structure, as well as appointment, employment, relocation, termination, consideration of wage/ remuneration/ bonus of executives with the positions equivalent to or higher than the positions of vice president on, except for the positions of Chairman of the executive committee, President, and CEO.

7. Delegate authority to one or many persons to perform any particular action under supervision of the executive committee or delegate authority to such persons within duration as deemed appropriate. The executive committee may cancel, revoke, change, or rectify such authorized persons or the authority as deemed appropriate

The executive committee shall not delegate authority allowing the authorized persons to approve conflict of interest transactions (per definition in Notifications of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant agencies) or transactions that have conflicts of interest with the Company or subsidiaries and/or associated companies. The matters shall be proposed to the Board of Directors meeting and/or the Annual General Meeting for approval unless they are normal transactions with trade terms in line with Notifications of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant agencies.

8. Perform other duties as assigned by the Board of Directors.

7.4 Information on executives

7.4.1 Management Team

As of 31 December 2021, the management team consisted of 7 persons as follows.

Name		Position
1. Mr. Adisak	Ruckariyaphong	Chairman of the Executive Committee
2. Mr. Anan	Ruckariyapong	President
3. Ms. Piyajit	Ruckariyapong	Chief Executive Officer
4. Mr. Arnupap	Ruckariyapong	Chief Operating Officer
5. Mr. Worapong	Kietdumrongwong	Chief Commercial Officer
6. Mr. Anak	Lapsuksatit	Chief Financial Officer
7. Mrs. Yata	Onin	Chief Innovation Officer

Scope of Authority, Duties, and Responsibilities of President

1. Study investment possibilities with value not exceeding 100 million baht.
2. Approve investment in new projects with value not exceeding 10 million baht.
3. Human resources management regarding senior executive positions, including employment, appointment, relocation, evaluation, punishment, and removal which to be jointly signed with the CEO.
4. Consider remuneration and other benefits for senior executives which is to be jointly signed with the CEO.
5. Consider and approve asset write-off with value not exceeding 8 million baht and report those transactions with value exceeding 0.5 million baht to the Board of Directors.
6. Approve payment specified in agreements or contracts (as per approved budgets) with unlimited amount.
7. Approve entertainment expenses and charity donations with value not exceeding 1 million baht.
8. Approve short-term investment (not exceeding 1 year).
9. Approve procurement transactions, agreements, and transactions regarding normal business operations with unlimited amount but within approved annual budget.
10. Perform other duties as assigned by the Board of Directors.

Delegation of authority of the President shall not allow the President or authorized persons to approve conflict of interest transactions (per definition in Notifications of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant agencies) or transactions that have conflicts of interest with the Company or subsidiaries and/or associated companies; the President shall not have the authority to approve such matters as they shall be proposed to the Board of Directors meeting and/or the Annual General Meeting for approval unless they are normal transactions with trade terms in line with Notifications of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant agencies.

Scope of Authority, Duties, and Responsibilities of CEO

1. Oversee the Company's regulations are complied, resolve when in doubt, and request to the Board of Directors for approvals when amendments of the regulations are required.
2. Possess authority to order and establish work procedures and practices as deemed appropriate.
3. Delegate authority to employees with responsibility for such actions.
4. Establish policies, strategies, and goals together with the Board of Directors and implement as planned.
5. Manage business operations in accordance with the vision, mission, policies, and strategies.
6. Ensure each department efficiently and effectively operates in accordance with its strategic plans and goals as well as constantly develop human resources of the Company.
7. Develop the organization for good performance and improvement for sustainable growth.
8. Follow up, verify, control, and report overall performance of the Company to the Board of Directors quarterly.
9. Study new investment opportunities by focusing on both technical and financial analysis for decision-making.
10. Supervise daily operations of the Company.
11. Operate and manage in accordance with policies, plans, and budgets approved by the Board of Directors and/or the executive committee.
12. Establish policies, business plans, business strategies, and annual budgets of the Company to be proposed to the executive committee for approval

7.4.2 Remuneration policy for executive directors and executives

The Company has a policy to compensate directors and management at proper level by adhering to the principles of justice for both the Company and the individual, considering the Company's operating performance and the consistency with the same business / industry. Incentives can be created for work motivation and maintenance of good standards, suitable for the duties and responsibilities of individual director and executive. Remuneration for the directors, including independent directors and Audit Committee members, shall be approved by the Shareholders' Meeting of the Company.

For the remuneration of the Chief Executive Officer ("CEO"), the Board of Directors will review and approve the criteria of CEO's performance evaluation and of annual remuneration, as well as consider and approve the payment of annual remuneration in order to compensate for the work contributed to the Company and such contributions meet criteria set by the Board of Directors. The evaluation criteria are based on the key performance indicators, both financial and non-financial indicators e.g. the improvement of corporate governance to cover all aspects and align with the Thai Institute of Director' standards, the increase of employee engagement score to encourage sense of ownership in the organization and grow the Company sustainably in the long-term.

The Company carefully considers the payment of remuneration to the executives at proper and competitive rate, comparing with the same business / industry, to retain qualified executives. The remuneration is considered regarding assignment of duties and responsibilities as well.

7.4.3 Total amount of the remunerations of executives

(1) Monetary Remuneration

In 2020 and 2021, the Company paid remuneration to executives as follows.

Remuneration	2021		2020	
	Number of Persons	Remuneration (Million Baht)	Number of Persons	Remuneration (Million Baht)
Salaries, bonuses, and other remuneration, including provident funds, post-employment benefits, and short-term benefit estimation.	6	67.87	6	58.72

Directors and executives of the Company which also assume a director position in a subsidiary or indirect subsidiary shall not receive remuneration in the subsidiary or indirect subsidiary.

(2) Other Remuneration

In addition, the Company received an approval from the Annual General Meeting on 26 April 2018 to issue and allocate non-transferable warrant with name entitlement No.2 to executives (including executives who are also directors) and employees (“Warrant” of “SAPPE-WA2”) for 4,070,000 units with the offering price of 20.56 baht per unit and the warrant was valid for 4 years starting from the date of the issue. 1 warrant counted for 1 share unless there was adjustment in exercise ratio as per condition of right adjustment. Such Warrant could be exercised at the end date of June and December of each year throughout the Warrant term.

In which 5 executive directors and executives of the Company have been allocated warrants to purchase the Company’s ordinary shares. representing 25.55% compared to the warrants to purchase the Company’s ordinary shares in the whole project.

7.5 Information on employees

(1) Number of employees

As of 31 December 2020, and 2021, the Company and its subsidiaries had 532 and 564 employees respectively (excluding directors and executives as in 7.4.1) which can be sorted by work function as follows.

Function	Number of Employee (Person) as of			
	31 December 2021		31 December 2020	
	Full-Time	Full-Time	Full-Time	Full-Time
Sappe Public Company Limited	564	20	532	45
Research and Development	18	-	16	-
Product Development & Brand Design	17	-	18	-
Marketing – Delivery	19	-	20	-
Domestic Sales	12	-	11	-
International Business	20	-	18	-
Strategy and Finance	33	-	30	-
Corporate Support	39	-	41	-
Transportation and Warehouse	54	-	54	-
Operations	346	20	318	45
Information Technology	6	-	6	-
Subsidiaries	-	-	-	-
Sappe Europe s.r.o.	-	-	-	-
Sappe Holding (Thailand) Company Limited	-	-	-	-
Indirect Subsidiaries	130	17	142	26
Sappe Trading (Hong Kong) Company Limited	-	-	-	-
Sappe Hong Kong Company Limited	-	-	-	-
Sappe Trading (Shanghai) Company Limited	-	-	-	-
All Coco Group Company Limited	114	17	111	26
All Coco Company Limited	-	-	-	-
K Best Farm Company Limited	16	-	31	-

Personnel sorted by location (including directors and executives as in 7.4.1) were as follows.

Location	Number of Employee Sorted by Location			
	31 December 2021		31 December 2020	
	No. of persons	(%)	No. of persons	(%)
Office	145	26%	153	28%
Factory	419	74%	385	72%
Total	564	100%	538	100%

Personnel sorted by gender, age, and level of position were as follows.

Gender	Number of Employee Sorted by Gender			
	31 December 2021		31 December 2020	
	No. of persons	(%)	No. of persons	(%)
Male	257	46%	241	45%
Female	307	54%	297	55%
Total	564	100%	538	100%

Age	Number of Employee Sorted by Age			
	31 December 2021		31 December 2020	
	No. of persons	(%)	No. of persons	(%)
Lower than 30 years	173	31%	162	30%
30-50 years	355	63%	347	65%
Higher than 50 years	36	6%	29	5%
Total	564	100%	538	100%

Level of position	Number of Employee Sorted by Level of position			
	31 December 2021		31 December 2020	
	No. of persons	(%)	No. of persons	(%)
Officer	443	78%	420	78%
Division manager	94	17%	93	17%
Assistant Vice President	19	3%	18	3%
Vice President and higher	8	2%	7	2%
Total	564	100%	538	100%

(2) Remuneration of Employees

In 2020 and 2021 the Company paid remuneration to employees for a total of 370.53 million baht and 352.62 million baht respectively which included remunerations in the form of salaries, overtime payment, social security benefit, provident fund, and others.

(3) Provident Fund

The Company established provident fund on 1 January 2010 under management of UOB Asset Management (Thailand) Co., Ltd. in order to motivate and retain employees in the long term. The Company has been contributing to the provident funds since January 2010. The Company encourages employees to save money and aims to create security for the employees and their families when they retire, pass away, or resign from the Company. In 2017, the Company reviewed and increased employer's contribution regarding the employees' years of service, comparing to companies in the same or similar industry.

(4) Other Remuneration

On 26 April 2018, the Company received an approval from the Annual General Meeting to issue and allocate non-transferable warrant with name entitlement No.2 to its executives (including executives who are also directors) and employees ("Warrant" of "SAPPE-WA2") for 4,070,000 units with the offering price of 20.56 baht per unit and the warrant was valid for 4 years starting from the date of the issue. 1 warrant is counted for 1 share unless there was adjustment in exercise ratio as per condition of right adjustment. Such Warrant could be exercised at the end date of June and December of each year throughout the Warrant term.

Personnel Development Policy

We are always committed to our mission: **We better people's lives through our innovative spirits.** We value our employees as our family, value our workplace as a playground. Everybody is a game player, who are called "Sappe Players", equipped with ability to work with fun, dynamic and creativity. In the past year, we encountered severe COVID-19 pandemic, leading to great lessons we have learnt and developed to empower our players' potential. We have adapted the learning process in the form of hands-on learning through One on-One session with management team, online training session, creation of growth mindset to boost immunity for unexpected disruptive incidents. We intend to grow the organization through innovation and the power of good mindset will be driving force for innovation, enabling the Company, Sappe Players, customers, business partners, shareholders, society and community to grow sustainably.

We have a policy to continuously develop our player's potential with strong intention to create growth mindset for innovative growth. The Company focuses on Successor plan for career development, cultivating employees with self-improvement concept to add value for themselves and for the organization, designing faster learning processes leading to faster and better changes to help employees on problem-solving, decision-making, and leadership management, especially specific development programs for each department and individual through a new evaluation system and work development plans (WDPs), enabling employees to conduct self-assessments and to inform supervisors their desired developments in order to jointly create development plans. This also builds engagement within the organization and continuously improves employees in all level through competency-based methods in line with the Company's goal, creating the best benefits to be applied to work efficiently. With dedication to build innovation mindset to all employees, creative and fun content or activities are included in all training courses; it builds employees satisfaction and encourages them to participate in training programs and activities of the Company, leading to the creations of innovations in products, work processes, and new technologies. The Company focuses on building practical knowledges in the form of action learning and promoting good moral, ethics, governance in work operations as well as increasing employees' intellectual value to become innovators in the future.

In 2021, to the Company held training programs for employees, plus the situation of Work Form Home is quite challenging for employee's development as follows.

- As a Trainer, we have to develop methods for using various tools. to be able to design for students have participation, easy access, knowledge, abilities, skills, including awareness that can be applied in work life and everyday life
- Group of Sappe Players in situations where there is a risk of COVID-19. and limiting people in the meeting room Changing encounters Sappe Players also gain a wide range of knowledge and create their own inspiration by sharing their Middle Management experiences at Lunch and Learn events and courses. both in small groups and through more online channels
- Middle management (Division Manager) employees have developed themselves from precipitation of ideas. to design content to communicate and present it in its own style, both online and offline, in order for the listeners to get ideas and create inspiration in their work and assess 360-degree Leadership, find their own style to develop more in line with the Sappe Style

- Developing Leadership Skills From the experience that the seminars of the Management Level Players have precipitated their own Leadership and combined with the Leadership Theory, Twist to become the SAPPE Young Leader Model and learn the SAPPE Leadership style.

- Upper Management Group (SVP) has developed the skills of Coaching, Empathy, Feedback. We use a One on One process by implementing assessment results to help middle management, cloud, settling and knot in leadership and build effective leaders. Great Leader.

- Using SAPPE Short Interval Meeting to replace the traditional meeting. This makes the meeting more fun, concise and the attendees are more involved. resulting in meeting effectiveness

- Develop skills of Operator – Foreman staff in Autonomous maintenance of machines

- Developing skills in using Microsoft Excel program foreman production staff

- Leadership skills development such as creating a Growth Mind Set, Coaching skill, Train the Trainer course, work plan and development course for managers and up (WDP Master).

- Talent Development is a program to develop young talent of Sappe. It is a program for the Sappe Player group. It is a position that has a management role and is a group of employees that will grow into a high-level position in the future. By learning from more than 70 VDO Micro Learning clips and promoting self-learning. Emphasis on action through knowledge transfer from Management (VP) hands-on experience. Design the program by adding new challenges. various requirements to have a thorough understanding of the SAPPE Leadership style and be able to lead the team to be more effective and efficient. looking at the overall picture of the company developing others and sustainable social assistance

Opening a new perspective in the form of YOUNG GEN to create an understanding of current customers. With a younger age, Sappe Players is open to new knowledge. Through the process of various activities under the young project, whether it is Young Leader, Share Young, learn LIVE LEARN LOVE from the new generation that SAPPE has hired to work. It's a great opportunity to gain knowledge, understanding and guidance on how to behave from the disruption with the Sappe Players Growth Mind set, which makes Sappe different and ready to deal with change and stay Young.

As the Board of Directors is aware of long-term effectiveness of business management and business continuity which leads to sustainable growth, the following succession plan is made to ensure that the Company's management team is well-equipped with knowledges and expertise to operate the business:

1. Board of Directors determines sustainable management development plan, which shall support future sustainable growth, and succession plan for important positions.

2. The management defines qualification on knowledge, competency, and experience of each position for selection of qualified candidates.

3. The management evaluates performance and capability of its subordinates in order to establish development plan being implemented for reducing competency gaps.

4. The management assigns Human Resource Department to develop the selected candidates' capabilities through suitable activities and submit monthly monitoring report to the management.

5. The management annually reports the performance of such development to the Board of Directors.

Welfare Policy

It is the Company's policy to keep the employees healthy and happy with their jobs. The Company believes that if the employees are well-treated with appropriate welfare, job security and good quality of life provided, they will be happy, leading to effectiveness and efficiency of work. The Company's welfare and benefits are compared among companies in the same or similar industry or provided as prescribed by laws. The Company has continuously implemented its welfare policy from the past years as follows:

1. Caring for employees during the COVID-19 crisis with daily employee health tracking every day along the line, including giving news so that employees are prepared to take care of themselves Measures to deal with the crisis to upgrade factories and offices to be the most secure places Screening visitors by checking their health history and requesting ATK test results with a validity of not more than 7 days before entering the factory and office. Provide the necessary equipment to protect and take care of yourself. Install a thermometer to measure heat before entering the area During a heavy outbreak to prevent employees from contracting the virus has announced that employees work from home and divide the working team into 2 teams (Team A and Team B) and separate work areas There are 2 sets of equipment to prevent infection with the virus. Everything that happens is done just because we want our employees and families to be safe and get through this crisis together.

2. A highly effective video camera infrared thermometer is provided to measure body temperature. for screening before entering the factory to build confidence in taking care of employees and visitors before entering the factory area.

3. Emphasis on safety in increasing cleanliness measures every time the meeting room is finished using Make a warning sign after cleaning and disinfecting is complete. and add partitions on staff desks Determine the number of people using the meeting room to reduce the spread of the covid-19 virus

4. Determine the number of meeting room users and increase the number of meeting rooms in order to avoid congestion in the meeting room

5. There is an equipment for UV spoon drying machine. For use in disinfection to stop germs, viruses and bacteria on spoons and forks before eating.

6. Add amenities Optimizing the environment There is a bench area for employees to relax in the walkway area under the measures to prevent the spread of COVID-19 (Social distancing).

7. Arrange for employees to get ATK testing every 14 days. The goal is for employees to complete 100% inspection in the whole factory, including asking employees to buy ATK testing kits at employee prices. to family members to take care of employees, including family members

8. Increase the installation of alcohol spray at entrance doors in every area before entering the office and common areas shared by employees.

9. Add a shuttle bus for employees traveling by public transport. to reduce the risk including controlling the number of employees who sit in the shuttle bus to comply with the covid measures, social distancing, wearing masks Don't talk in the bus

10. Provide vaccines for employees. food store Security guards to receive 100% vaccination against COVID-19

11. Change the time recorder. from fingerprint scanning to Face / palm scanner to reduce touch

12. Increase the time recording point from 2 to 5 units to reduce the density. and in accordance with social distancing measures

13. Increase the welfare of the ability of the job. To build morale in working in difficult jobs for employees

The Company also has created various programs prescribed by law such as establishment of Sports & Recreations club by Welfare Committee, formation of Employee Committee as employee representative to help constantly assess employees' needs and suggestions relating to welfare provision and workplace environment and present to management meetings for discussion. Moreover, the Company has provided welfare housing loan program in collaboration with the Government Housing Bank (GH Bank) to give special interest rate, discount for floating rate loan, and maximum loan limit at 100% of appraisal value. This welfare allows the employees to afford their own houses.

Health and Environmental Safety Policy

To promote happy and safe workplace environment for the employees, the Company has adhered to the Health and Environmental Safety Policy, continuously implemented from the past years as follows:

1. Safety in workplace is everyone's responsibility.
2. Improve working environment for employees' safety.
3. Reinforce activities regarding the safety of working environment
4. Provide safety trainings to all levels of employees to build safety awareness towards themselves, colleagues, and the Company's properties.
5. Specify safety rules and regulations. Supervisors act as role models to comply with such rules and regulations.
6. Encourage the collaboration of all levels of employees to follow the Health and Environmental Safety Policy
7. Promote cooperation towards occupational health and safety measures, and working environment of the company

Human Resources Policy

To achieve the Company's goal, Sappe Public Company Limited has established the policy of high-skilled employee retention and encouraged all employees to utilize their skills to reach full potentials with good ethics and code of conduct to maintain one another harmony and positive relationships as follows:

1. Candidate's selection for each position shall have qualifications that meet requirements. The selections or job rotations shall be fairly executed without prejudice
2. The Company shall treat the employees fairly
3. The Company shall constantly provide the employees supports and developments
4. The employee compensation shall be fairly and appropriately determined according to circumstances, job natures, organizational performance, and affordability of the Company.
5. The Company shall support the employees to constantly receive relevant information.
6. The Company shall create corporate culture by encouraging the employees to act in accordance with the corporate core values leading to employees' behavior change, and consequently driving the organization to achieve strategic goals.

Employees

To take care of employees, our valued human resources, the Company has established a policy stipulating that all employees will be treated fairly regarding opportunities, benefits, potential developments, health and environmental safety and provident funds to ensure their quality of lives. The employees' compensations and benefits will be considered from the individual abilities and performance, Company's performance and the competitiveness in the same industry. For the employees' skill and knowledge developments, they will be provided through various internal and external training courses. The safety and hygiene of workplace at the office and the factory are provided in line with the health and environmental safety policy. Statistics of occupational accident rate, injury rate and leave rate are collected for analysis to improve employee safety standard.

In addition, the human rights have also been taken into consideration. the Company holds no discrimination and provides same hiring opportunities to all employees regardless of their races, skin colors, genders, religions and political opinions. The Company treats all employees fairly with suitable remunerations and inspires employees to participate in communities and societies development programs through a range of activities.

In addition, from our commitment to continuous human resource development through various concrete processes, it reflects the success through indicators of employee engagement at 4.30 (out of 5.00) in 2021, which was significantly high. This is another pride of the Company in terms of human resource development and serves as a guideline for the company to develop personnel in the future in pursuit of a sustainable organization.

Administrative Policy

The Company focuses on pleasant and creative working environment in the organization, good spirit and morale, health and environmental safety as these lead to effective working performance, bringing future success to the organization.

The Company has continuously implemented its administrative policy from the past years as follows:

1. The workplace is designed with consideration of numerous factors relating to employees' personalities and diverse working styles.
2. Cleanliness and tidiness within the office are always maintained
3. A hygienic canteen, a clean first-aid room and shuttle bus service are provided as stated in the law (for employees at the factory).

4. Office supplies, photocopy machines and internet access are well managed and controlled for the most effective usage.

5. Positive and lawful relationships are built with external parties, customers and government agencies

Internal Data Confidentiality Policy

Internal data protection is very significant to the Company's success and to all employees' career security. To ensure that information disclosure to the public does not tarnish the operation and the Company's image, the Code of Conduct for confidentiality and internal data usage has been formulated as follows:

1. The Company's directors, executives, employees and temporary workers should adhere to the Company's confidentiality and/or internal significant information which has not been disclosed to the public for their own interests.
2. The Company has informed the executives of the roles and responsibilities over shareholding, whether by one's self, spouses and minor children and of reporting changes in the number of shares under possession to the Office of the Securities and Exchange Commission pursuant to Section 59 and the Punishment Chapter in Section 275 of the Securities and Exchange Act B.E. 2535.
3. The Company's directors, executives, employees and temporary workers should not disclose confidential information and/or internal information or seek interests for one own or others' interests, whether or not directly, and whether or not paid.
4. The Company's directors, executives, employees and temporary workers should not buy, sell, transfer or accept a transfer of the Company's securities using its confidentiality and/or internal information or enter into any transactions by using those confidentiality and/or internal information, which may affect the Company, whether or not directly. This regulation should also include the spouses and minor children of the directors, executives, employees and temporary workers. Those who violate the regulations will be considered as a serious offence.
5. The Company has determined the guideline for maintaining and preventing the illegal insider trading, by banning directors, executives, employees with the roles of at least department director and parties related to insider information from buying or selling the Company's securities one month before the disclosure of quarterly financial statement and annual financial statement; as well as 24 hours after the significant information is disclosed.
6. The Company's directors, executives, employees with the roles of at least department director, should report all securities trading to the Company.

7. The Company's employees across levels who receive personal information should carefully keep or use such information.

8. The Company stipulates that the information related to the parties and the conditions agreed with the parties are confidential information that should not be disclosed to others, unless it has been approved by the Company and the parties.

9. The Company has determined the measures and systems to strictly control and oversee information of each department or division to prevent internal serious information from being released to the public before an official publication. It is deemed that such measures and systems are also parts of the Company's major risk control measures.

10. The Company has tasked the supervisors in all levels with the duties and responsibilities of preventing one's own subordinates from committing a leak of serious information and news to the public before the Company's official disclosure is made.

11. The employees' internal information usage should be consistent to the related employees' boundaries of duties and responsibilities as assigned.

12. The Company's employees across levels must not disclose confidential information even when they are no longer employed, or service is terminated.

The Company has formulated penalties with regards to an abuse of the Company's internal information for one's own benefits by publishing in regulations. A penalty ranges from a verbal warning to a dismissal.

7.6 Other significant information

7.6.1 Company secretary and Head of internal audit

(1) Company secretary

The Board of Directors has resolved to appoint Ms. Sutatip Chantharangsee to be the company secretary. From December 13, 2018, in order to comply with the requirements of the Securities and Exchange Act B.E. and executives about rules and various laws that the board must know and coordinate effectively both internally including between the chairman Chief Executive Officer Executive Chairman or management and external, including between the company and the shareholders and regulators Details of the person holding the position as Company Secretary appear in Attachment 1.

(2) Head of internal audit

The Company hired P&L Corporation Company Limited to be the Internal Auditor for the year 2021, with Ms. Monpat Phumratanajarin, Vice President, Head of Internal Audit It is responsible for overseeing the compliance with the rules of the official departments that govern the company's business operations. Details of the person holding the position of Head of the Company's Compliance Officer appears in attachment 3.

7.6.2 Audit Fee and other services

(1) Audit Fee

The Company and its subsidiaries paid audit fees for the year 2021 in the total amount of 3.43 million baht, divided into the audit fees of the Company in the amount of 2.05 million baht and of the subsidiaries in the amount of 1.38 million baht.

(2) Non-Audit Fee

- None -

8. Report on key operating results on corporate governance

8.1 Summary of duty performance of the Board of Directors in the past year

The Board plays an important role in formulating policies and strategies that enhance competitiveness, together with the management in setting goals, guidelines, action plans and the company's budget annually as well as supervise and supervise the administration and management of the management to ensure that they are in accordance with the policies, plans and budgets that are set with efficiency and effectiveness.

8.1.1 Nomination, development, and evaluation of duty performance of the Board of Directors.

(1) Nomination

(a) Board of Directors

As the Company does not have a Nomination and Remuneration Committee, to select suitable people for directors or management position, the Company has a selection process by having major shareholders and / or representatives of each group of major shareholders, the experts in relevant fields, directors, independent directors, and management of the Company to jointly propose a list of persons who possess qualifications, skills and experiences required for the business operations with criteria as follows:

1) A director must have knowledges and experiences beneficial to the business. Integrity and ethics in conducting business with sufficient time to devote his/her ability and knowledge for the Company.

2) A director shall not possess characteristics prohibited by Public Limited Companies Act and the regulations of The Securities and Stock Exchange, including any characteristics indicating a lack of appropriateness to be entrusted with management of a public-owned business as specified by Securities and Exchange Commission.

3) A director is forbidden to conduct a business with the same nature and in competition with the Company's business or becomes a partnership, director in other juristic persons of the same nature and in competition with the Company's business, whether for his/ her own benefit or for other persons' benefits unless he/she notifies to the Shareholders' Meeting before a resolution regarding his/her appointment is obtained.

4) A director shall inform the Company without delay if there are any direct or indirect conflicts of interest arising from entering

into contracts by the Company, or there is any increase or decrease in his/her holding of shares, debentures of the Company or its affiliates.

The selection and appointment of directors shall be in accordance with the procedures specified in the Company's Articles of Association and the appointment of directors must be obtained an approval from the Shareholders' Meeting. The resolution of the Shareholders' Meeting shall require the majority votes of the shareholders who attend the meeting and have the right to vote.

1) The Shareholders' Meeting shall elect the Company's Board of Directors, comprising of at least five directors to be responsible for the entire business management with authorities to carry out duties within the scope of laws, Company's objectives and Articles of Association, and resolution of General Meeting of Shareholders, as well as authorities to perform any actions specified in the Memorandum of Association or related to the said. The directors may or may not be the shareholders of the Company.

2) Not less than half of the total number of directors shall reside in the Kingdom of Thailand and all of them shall possess qualifications with no characteristics forbidden by law.

3) The Shareholders' Meeting shall elect the directors in accordance with the following rules and procedures.

(1) Each shareholder has a vote equal to one share per one vote.

(2) The shareholders may exercise right to select only one person or many persons to be director(s) but not greater than the total number of directors being elected at that time

(3) In the event the shareholders exercise right to select more than one person to be director, voting right for each selected person is equal to the number of votes possessed by the shareholders. In this regard, allocation of votes in favor for a specific person is not allowed.

(4) The persons obtaining the highest votes in descending order shall be elected as directors, but total number of directors shall not exceed the total number of directors required at that time, otherwise the Chairman of the meeting shall cast the vote to determine the total number.

4) At every Annual General Meeting of Shareholders, one-third of total directors shall retire by rotation. If the number of directors cannot be divided into three parts, the number of directors retiring in the first year shall be closest to one-third of directors for the second year after the Company's registration, the selection

of directors retiring shall be conducted by drawing lots. For the subsequent years, the directors holding the positions for the longest shall retire. However, the retiring directors may be re-elected.

5) Any director who resigns from the position shall submit a resignation letter to the Company. The resignation shall be in effect on the date when the resignation letter is delivered to the Company. The director resigning under paragraph one may also notify his/her resignation to the registrar.

6) In the case that position of director is vacant for other reasons than an expiration of service term, the Board of Directors shall select a qualified person whose characteristics are not forbidden by law for a replacement and such person shall perform his/her duty in the next meeting. Unless the remaining service term of replaced director is less than two months, the elected person shall hold the position only for the remaining service term of such director. The resolution of the Board of Directors' Meeting under paragraph one shall consist of votes not less than three-fourth of the remaining number of directors.

7) In the case that position of the director becomes vacant resulting to the total number of remaining directors becomes less than the quorum, the remaining directors shall call a Shareholders' Meeting for an election of directors to fill the vacant positions within one month from the date the number of remaining directors becomes less than the quorum. The person who is appointed as a new director shall be in the position for the remaining service term of the replaced director.

8) The Shareholders' Meeting may pass a resolution to dismiss any director prior to expiration of their service terms by a vote of not less than three-fourth of the total number of shareholders and proxies (if any) who attend the meeting, with total number of shares not less than half of the total voting shares held by shareholders and proxies (if any).

In addition, the Company has prepared a Skill Matrix to assist in the selection of suitable persons to be knowledgeable directors. expertise suitable for the company's business also the Board of Directors recognizes the benefits of diversity in the Board which is an important factor for decision-making and performance of the Board. The diversity does not only limit to gender, but it also includes ages, educational backgrounds, work experience, skills, and knowledge. As such, recruitment and nomination of directors shall be based on competence and selection criteria which also consider benefits of diversity.

(b) Independent Director

The Company has defined the composition of the Board of Directors to include independent directors at least one-third of the total number of directors.

The Board of Directors or the Shareholders' Meeting (as the case may be) shall appoint independent directors to join the Board of Directors. The Company has policy to appoint independent directors at least one-third of the total number of directors, or at least three independent directors.

The criteria for selecting and nominating independent directors are based on those for the nomination of directors. An independent director shall have the required qualifications and no prohibited characteristics, pursuant to the Public Limited Companies Act, and the Securities and Exchange Act, as well as other relevant notifications, stipulations and/or regulations. The independent director shall have capabilities, specialized expertise, work experience and other required qualifications. Nominations of qualified candidates shall be submitted to the Shareholders' Meeting for election and appointment as directors. In case of any independent director vacating office before retiring by rotation, the Board of Directors may appoint a new independent director with the required qualifications as a replacement. The replacing independent director shall hold office only for the remaining term of office of the independent director whom he has replaced.

Qualifications of an independent director shall be as follows:

1. Holding not more than 1% of the total shares with voting rights of the Company, or its principal company, subsidiary company, associated company, major shareholder, or controlling person of the Company, which shall be inclusive of the shares held by any related person thereof.

2. Neither being nor having been an executive director, an employee, a staff member, an adviser who receives a regular salary, or a controlling person of the Company, or its subsidiary company, associated company, subsidiary company at the same level, major shareholder or controlling person of the Company unless the foregoing status has ended for no less than 2 years before the independent director assumes the post of Audit Committee member.

3. Not being a person related by blood or registration under law, such as father, mother, spouse, sibling, or child, including the spouse of a child, of an executive, major shareholder, controlling person or person to be nominated as an executive or a controlling person of the Company or its subsidiary company.

4. Neither holding nor having held a business relationship with the Company, or its principal company, subsidiary company, associated company, major shareholder or controlling person in a manner which may interfere with his/her independent judgment; and neither being nor having been a substantial shareholder or a controlling person of any person having a business relationship with the Company, or its principal company, subsidiary company, associated company, major shareholder or controlling person unless the foregoing relationship has ended for no less than 2 years before

the independent director is appointed as an Audit Committee member;

5. Neither being nor having been an auditor of the Company, or its principal company, subsidiary company, associated company, major shareholder or controlling person; and not being a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, principal company, subsidiary company, associated company, major shareholder or controlling person unless the foregoing relationship has ended for no less than 2 years before the independent director is appointed as an Audit Committee member;

6. Neither being nor having been any professional service provider including legal advisor or financial advisor who receives an annual service fee exceeding Baht 2 million from the Company, or its principal company, subsidiary company, associated company, major shareholder or controlling person; and not being a substantial shareholder, controlling person or partner of the professional service provider, unless the foregoing relationship has ended for no less than 2 years before the independent director is appointed as Audit Committee member;

7. Not being a director who has been appointed as a representative of a director of the Company, major shareholder, or shareholder related to the major shareholder of the Company.

8. Not undertaking any business the nature of which is the same as that of the Company or subsidiary company and which, in any material respect, is competitive with the business of the Company or subsidiary company or not being a substantial partner in the partnership, a director who is involved in management, an employee, a staff member, an adviser who receives a regular salary, or a shareholder holding more than 1% of the total shares with voting rights of a company undertaking any business the nature of which is the same as that of the Company or subsidiary company;

9. Not having any characteristics that prohibit the expression of independent opinion towards the Company's business undertakings.

The independent directors will inspect and certify their independences at least once a year, which will be announced with a report of directors' profiles at year end in Form 56-1 One report.

Business Relationships or Professional Services of Independent Directors in the Past Accounting Period

-None-

(c) Audit Committee

The Board of Directors or the Shareholders' Meeting (as the case may be) shall appoint at least three members to perform as the Company's Audit Committee. Each member must be an independent director and not a director assigned by the Board of Directors to make decisions regarding business operations of the company,

parent company, subsidiary company, associated company, same level subsidiary company, majority shareholder or the controlling person of the Company, as well as not a director of the parent company, subsidiary company, or same-level subsidiary company that is a listed company. Audit Committee shall perform its duties as specified in Stock Exchange of Thailand Notification regarding the Audit Committee's qualifications and scope of responsibilities.

In this regard, at least one Audit Committee member shall possess sufficient knowledges and experiences to review the accuracy and reliability of financial statements.

(d) Executive Committee

The Board of Directors shall appoint Executive Committee whose members shall be selected from the directors, management, or senior employees who are capable of managing the matters regarding normal business operations, establishing the Company's policies, business plans, budgets, administrative structures, as well as examining and monitoring the Company's operations to be in accordance with the policies established by the Board of Directors.

(e) Chief Executive Officer

The Board of Directors appoints the Chief Executive Officer. The consideration will be given to persons with complete qualifications, suitability, knowledge, abilities, skills and experiences that are beneficial to the Company's operations and have a good understanding of the Company's business. and able to manage the work to achieve the objectives goals set by the committee.

(f) Management

The Company has established a policy to recruit management by selecting people with knowledges, skill set and experiences relevant to the business. The selection shall be in accordance with the regulations of Human Resources management and be approved by the Board of Directors or by the person assigned by the Board of Directors.

The selection of top-level management positions will be considered by individual knowledges, skill set and experiences relevant to the business. The appointment of an internal audit and control supervisor / executive shall primarily pass a consideration from the Audit Committee.

(2) Development of Directors and Management

The Board of Directors has a policy to promote and facilitate training and education for directors and management who have involved in the corporate governance system for continuous operational improvements. In the case of changes of director or new directors, the management will provide those directors

documents and information regarding business operations and guidelines, which is beneficial to the performance of such directors. The Company Secretary shall regularly report to the Board of Directors, Subcommittee and management regarding any changes in laws and regulations. Due to COVID-19 pandemic, which resulted to the changes in training formats by various institutions and organizations, consequently impacted on the Company's training plans designed originally. Therefore, in 2020, no directors attended any training courses or seminars. The Company is aware of these changes and will adjust the training plans more effectively for the consequent years.

In 2021, the Company's directors attended the training and participated in seminar activities to increase knowledge in performing duties as follows:

- Ms.Niratchara Siriamphunkul, Independent Director, attended the training course in Successful Formulation & Execution of Strategy (SFE) Class 36/2021 organized by the Thai Institute of Directors Association.
- Mr.Surath Pralongsil Independent Director and Member of the Audit Committee Participated in seminar activities of National Director Conference on Leadership Behind Closed Door (NDC) Class 1/2021 and What You Board Needs to Know about C-Suite Development (O-DB) Class 11/2021 organized by Thai Institute of Directors Association.

(3) Performance Evaluation of the Board of Directors, Audit Committee, Executive Committee and Top-level Management

1) Evaluation of the Board of Directors' Performance

As the Company has defined in the charter of the Board of Directors that the Board of Directors shall evaluate its performance on an annual basis which is an evaluation of the entire board. The Company will distribute a self-assessment form to each director to review performance as a director and to indicate challenges in the previous year. The score and opinions of the directors will be a reflection tool for the Company's management team to improve and increase the efficiency of the Board of Directors' Meetings. It is also used to improve the performance of the Board of Directors to be the most effective.

Assessment of the Board of Directors' performance in the year 2021 has been divided into 2 categories, 1) Entire board assessment and 2) Individual self-assessment, with details as follows:

1.1 Entire board assessment: there are 4 categories of assessment, (1) The structure and qualifications of the Board of Directors (2) The roles and responsibilities of the Board of Directors (3) The meetings of the Board of Directors and (4) The performance of the Board of Directors. The Board of Directors shall first consider

and approve the said evaluation form. The result of the assessment shall be presented to the Board of Directors for acknowledgement and shall be disclosed in Form 56-1 One report. The recommendations from the performance appraisal will be used further to improve efficiency of work.

Regarding the 2021 assessment form, the weight of each category is divided into 6 levels as follows:

- 5 means: Most agree or Proceed that matter excellently
- 4 means: Strongly agree or Proceed that matter well
- 3 means: Moderately agree or Proceed that matter moderately
- 2 means: Less agree or Proceed that matter less
- 1 means: Least agree or Proceed that matter the least
- 0 means: No or No action proceeded

The evaluation results for each category are as follows:

1. The structure and qualifications of the Board of Directors: Average score of 4.68 points
 2. The roles and responsibilities of the Board of Directors: Average score of 4.51 points.
 3. The meetings of the Board of Directors: Average score of 4.59 points
 4. The performance of the Board of Directors: Average score of 4.67 points
- The overall average score of 4 categories was 4.61 points.

1.2 Individual self-assessment: there are 3 categories of assessment, (1) The structure and qualifications of the Board of Directors (2) The meeting of the Board of Directors and (3) The roles, duties and responsibilities of the Board of Directors. The result of the assessment shall be presented to the Board of Directors for acknowledgement and shall be disclosed in Form 56-1 One report. The recommendations from the performance appraisal will be used further to improve efficiency of work.

Regarding the 2021 assessment form, the weight of each category is divided into 6 levels as follows:

- 5 means: Most agree or Proceed that matter excellently
- 4 means: Strongly agree or Proceed that matter well
- 3 means: Moderately agree or Proceed that matter moderately
- 2 means: Less agree or Proceed that matter less
- 1 means: Least agree or Proceed that matter the least
- 0 means: No or No action proceeded

The evaluation results for each category are as follows:

1. The structure and qualifications of the Board of Directors: An average score of 4.55 points
 2. The meeting of the Board of Directors: An average score of 4.58 points
 3. The roles, duties and responsibilities of the Board of Directors: An average score of 4.50 points
- The overall average score of 3 categories was 4.54 points.

2) Evaluation of Audit Committee's Performance

As specified in Audit Committee charter that Audit Committee evaluation process should be formally established to ensure that the work of Audit Committee is efficient and achieves its objectives.

The Board of Directors has evaluated the performance of Audit Committee on an annual basis. In the year 2021, Audit Committee's performance was evaluated in 4 categories, (1) Qualifications and independence of Audit Committee (2) The duties and responsibilities of Audit Committee (3) The meetings of Audit Committee and (4) the receipt of information from the Company and the trainings. In addition, the Audit Committee will first consider and approve the said evaluation form. The result of the assessment shall be presented to Audit Committee and the Board of Directors meetings for acknowledgment and disclosed in Form 56-1 One report. The recommendations from the performance appraisal will be used further to improve efficiency of work.

Regarding the 2021 assessment form, the weight of each category is divided into 6 levels as follows:

- 5 means: Most agree or Proceed that matter excellently
- 4 means: Strongly agree or Proceed that matter well
- 3 means: Moderately agree or Proceed that matter moderately
- 2 means: Less agree or Proceed that matter less
- 1 means: Least agree or Proceed that matter the least
- 0 means: No or No action proceeded

The evaluation results for each category are as follows:

1. Qualifications and independence of Audit Committee: An average score of 4.92 points
 2. Duties and responsibilities of Audit Committee: An average score of 4.75 points
 3. The meetings of Audit Committee: An average score of 4.93 points
 4. Receiving information from the Company and trainings: An average score of 4.42 points
- The overall average score of 4 categories was 4.75 points.

3) Evaluation of Executive Committee's performance

As the Board of Directors foresees that the Company should evaluate every sub-committee equally and stipulates that Executive Committee shall evaluate its performance on an annual basis by evaluating the performance of the entire board of executive committees with the objective to review individual performance as an executive director, indicate the challenges in the previous year as well as analyse whether business operations are in accordance with the guidelines provided by the Board of Directors. The score and opinions of the executive directors will be a reflection tool for the Company's management team to improve and increase the efficiency of meetings. It is also used to improve the performance of the Executive Committee to be the most effective.

In the year 2021, Executive Committee's performance was evaluated in 4 categories, (1) The structure and qualifications of Executive Committee (2) The roles and responsibilities of Executive Committee (3) The meetings of Executive Committee and (4) Performance of Executive Committee member. The meeting of Executive Committee will consider and approve the said evaluation form. The evaluation result will be presented to Executive committee and to the Company's Board of Directors meetings for acknowledgment and disclosed in Form 56-1 One report. The recommendations from the performance appraisal will be used further to improve efficiency of work.

Assessment forms in the year 2021, the weight of each topic of the assessment is divided into 6 levels as follows:

- 5 means: Most agree or Proceed that matter excellently
- 4 means: Strongly agree or Proceed that matter well
- 3 means: Moderately agree or Proceed that matter moderately
- 2 means: Less agree or Proceed that matter less
- 1 means: Least agree or Proceed that matter the least
- 0 means: No or No action proceeded

The evaluation results for each category are as follows:

1. The structure and qualifications of Executive Committee: An average score of 4.55 points
 2. The roles and responsibilities of the Executive Committee: An average score of 4.60 points
 3. The meetings of Executive Committee: An average score of 4.53 points
 4. Performance of Executive Committee member: An average score of 4.53 points
- The overall average score of 4 categories was 4.55 points.

4) Evaluation of Top-level management's Performance

The Company's Board of Directors requires the performance evaluation of the Chairman of Executive Committee, the President and the Chief Executive Officer. The Board of Directors evaluates the performance of the Chairman of Executive Committee, the President and the Chief Executive Officer in accordance with the evaluation criteria. The performance evaluation form shall be approved by the Board of Directors in order to monitor whether the performances of the Chairman of Executive Committee, the President and the Chief Executive Officer are in accordance with the Company's short and long term goals. The evaluation helps to determine remuneration of the Chairman of Executive Committee, the President and the Chief Executive to be transparent and suitable for each individual performance and also strengthen the corporate governance of the Company. The recommendations from the performance appraisal will be used further to improve efficiency of work.

8.1.2 Meeting attendance and remuneration payment to each Board member

(1) The total number of the Board of Directors' meetings and the total meeting attendance of each Board member during the past year

No.	Name	Position	AGM 2021 attendance / Total (Time)	Board 2021 attendance / Total (Time)
1.	Mr. Natee Onin	Chairman	1/1	9/9
2.	Mr. Adisak Ruckariyaphong	Vice Chairman	1/1	9/9
3.	Mr. Anan Ruckariyapong	Director	1/1	8/9
4.	Mr. Arnupap Ruckariyapong	Director	1/1	9/9
5.	Ms. Piyajit Ruckariyapong	Director	1/1	9/9
6.	Mrs. Niratchara Siriamphunkul	Independent Director	1/1	9/9
7.	Mr. Thana Thienachariya	Independent Director	1/1	8/9
8.	Mr. Padungdej Indralak	Independent Director and Chairman of the Audit Committee	1/1	9/9
9.	Ms. Kunnigar Triyangkulsri	Independent Director and Member of the Audit Committee	1/1	8/9
10.	Mr. Surath Pralongsil	Independent Director and Member of the Audit Committee	1/1	9/9

(2) The remunerations of each director

The 2021 Annual General Meeting on 29 April 2021 had a resolution for remuneration of the Board of Directors and the Audit Committee not exceeding 10,000,000 baht with description as follows.

• Annual Remuneration

- | | |
|--------------|-------------------------|
| (1) Chairman | 216,000 Baht (per Year) |
| (2) Director | 216,000 Baht (per Year) |

• Meeting Attendance Fee

- | | |
|---|---|
| (1) Chairman | 25,000 Baht (per attendance) |
| (2) Chairman of the Audit Committee | 25,000 Baht (per attendance) |
| (3) Director and Audit Committee Member | 20,000 Baht (per Person per attendance) |

• Gratuity

By considering net profits of the Company and at discretion of the Board of Directors, in 2021, the Board of Directors allocated the gratuity for 410,815 baht per person (0.1% of net profits of the consolidated financial statements).

In 2020 and 2021, the Company paid total remuneration for directors as follows.

Name		2021			2020		
		Director	Audit Committee Member	Gratuity	Director	Audit Committee Member	Gratuity
1. Mr. Natee	Onin	441,000	-	410,815	438,000	-	380,161
2. Mr. Anan	Ruckariyapong	376,000	-	410,815	388,000	-	380,161
3. Mr. Adisak	Ruckariyaphong	396,000	-	410,815	388,000	-	380,161
4. Ms. Piyajit	Ruckariyapong	396,000	-	410,815	388,000	-	380,161
5. Mr. Arnupap	Ruckariyapong	396,000	-	410,815	368,000	-	380,161
6. Mrs. Niratchara	Siriamphunkul	396,000	-	410,815	388,000	-	380,161
7. Mr. Thana	Thienachariya	376,000	-	410,815	388,000	-	380,161
8. Mr. Padungdej	Indralak	396,000	100,000	410,815	388,000	100,000	380,161
9. Ms. Kunnigar	Triyangkulsri	376,000	80,000	410,815	368,000	80,000	380,161
10. Mr. Surath	Pralongsil	396,000	80,000	410,815	388,000	80,000	380,161
Total		3,945,000	260,000	4,108,150	3,890,000	260,000	3,801,610

Remark: The Executive Committee does not receive compensation because it has already received compensation from the management of the company.

8.1.3 Supervision of subsidiaries and associated companies

For supervision of the subsidiaries' operations, the Company has closely monitored and followed up the subsidiary's operations so that the goals can be achieved as follows:

(1) Supervision of Subsidiaries and associated companies

- **Sappe Europe s.r.o. :** Due to the legal restrictions in Slovakia requiring that the directors who hold office be domiciled in Slovakia, therefore, causing the difficulty in practical way to appoint a representative from the Company to be a director in Sappe Europe s.r.o and not in accordance with the policy of controlling and overseeing subsidiaries and associates. Therefore, the Company's Board of Directors' Meeting has approved the board's charter indicating that material issues such as appointment of directors, capital increase, merger, liquidation, dividend payment, amendments the company regulations etc. are required the approval from the Shareholders' Meeting and established the Table of Authority for the Sappe Europe s.r.o. in order that the Company can use as a measure for supervision.

- **Sappe Holding (Thailand) Company Limited:** The Company's Board of Directors has appointed Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong, and Mr. Arnupap Ruckariyapong as the

directors of the company, so that the management of the whole group is in the same direction.

- **Sappe Trading (Hong Kong) Company Limited and Sappe Hong Kong Company Limited:** The Board of Directors of Sappe Holding (Thailand) Company Limited has appointed Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong and Mr. Arnupap Ruckariyapong as the directors of the company so that the management of the whole group is in the same direction.

- **Sappe Trading (Shanghai) Company Limited:** The Board of Directors of Sappe Hong Kong Company Limited has appointed Ms. Piyajit Ruckariyapong as a director of the company so that the management of the whole group is in the same direction.

- **All Coco Group Company Limited:** The Company's Board of Directors has appointed Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong, and Mr. Arnupap Ruckariyapong as the directors so that the management of the whole group is in the same direction.

- **All Coco Company Limited and K Best Farm Company Limited.:** The Company's top-level management has been assigned to oversee financial management and to follow up business operations to be in accordance with the plan.

- **Danon Sappe Beverages Company Limited:** The Board of Directors has appointed Ms. Piyajit Ruckariyapong to be the Company's director in co-authoring the policy. to create mutual growth in the future

- **M Intelligence Company Limited:** The Board of Directors has appointed Mr. Arnupap Ruckariyapong to be the Company's director in jointly formulating the policy. to create mutual growth in the future

(2) Disclosure of financial status and operating results

The Company's subsidiaries are responsible for submitting quarterly and annual financial statements to the Company to propose to the Company's Board of Directors for approval before public disclosure. The Company's auditor performs the inspection of operation, documents or assets at the subsidiaries' offices and warehouses and can request subsidiaries for additional documents. The Shareholders' Meeting considers appointing the auditors and fixing annual remuneration of Sappe Europe s.r.o., Sappe Holding (Thailand) Company Limited and indirect subsidiaries.

(3) Transactions with Related Parties

All related transactions between the Company and its subsidiaries shall be in accordance with the Securities and Exchange Act, announcement of the Capital Market Supervisory Board, announcement of Stock Exchange of Thailand and other relevant announcements. The Company reports value and details of connected transactions with its subsidiaries to the Board of Directors on a quarterly basis after passing the consideration of Audit Committee.

(4) Acquisition or Disposition of Assets

In the event a subsidiary company buys or sells any assets, it is required an approval from the Company's management or the Board of Directors or the Shareholders' Meeting of such subsidiary (as the case may be). If the value of transaction is material, the Company shall comply with the regulations of Securities and Exchange, announcement of the Capital Market Supervisory Board, announcement of Stock Exchange of Thailand and other relevant announcements.

(5) Supervision of the use of inside information

The Company conducts business under the principles of good corporate governance of Stock Exchange of Thailand and places emphasis on the supervision of the use of inside information to be in accordance with the principles of good corporate governance. By adhering to these principles and ensuring the confidence of investors to receive equitable, timely and reliable information, the Company has established a policy of confidentiality, data protection and the use of inside information that all personnel shall be informed and follow procedures of confidential information protection. To prevent the disclosure of information and to identify the type of confidential information, the confidential documents and information must be managed and protected with specific methods accessible by both data creators and users.

In addition, the Company places great emphasis on safeguard of customer and business information to be confidential. It is prohibited to disclose such confidential information to customers, employees and outsiders. In case that is necessary to disclose confidential information to the public, approval must be obtained from the Chairman of Executive Committee and Chief Executive Officer. This prohibition shall include trading, transfer or acceptance of transfer of the Company's securities by using confidential information and / or inside information and / or enter into any other juristic acts using confidential information / or inside information of the Company which causes damage to the Company either directly or indirectly.

The Company's directors, management and employees who receive inside information shall be prohibited from trading of the Company's securities in a specified period, which has been complied since the second quarter of year 2014 (or the first quarterly financial statement report since the Company was listed on the Stock Exchange of Thailand). The Company Secretary and the Human Resources Department shall notify those directors, management, and employees receiving inside information in advance to be aware of such prohibition period for trading of the Company's securities. This shall include the prohibition of trading of the company's securities by oneself, spouses, minor children, whether it is direct or indirect trading (such as nominee or holding of securities through private funds) during the period when the Company is about to disclose significant information that may affect the Company's share price such as 1 month prior to the date of disclosure of financial statements or operating results until 1 day after the date that the Company has disclosed financial statements or operating results to Stock Exchange of Thailand to ensure that such information be disclosed to the public first. With this regard, the Company has established disciplinary penalty for those seeking benefits from the use or disclosure of the inside information causing damages to the Company, which may be penalized as required by law or by the Company through verbal warning, warning letter, probation, or termination of employment as the case may be.

(6) Anti-Corruption

The company expressed its intention to join the Thai Private Sector Collective Action Coalition against Corruption (CAC) and was certified as a member of the project in 2020.

The Company has operated in accordance with the anti-corruption and corruption policy as follows:

1) The Company has communicated to both the directors, executives and employees' level by stipulating that all processes are strictly within the scope of the law.

2) The company provides a channel to report any violations of the policy. or seen acts of corruption and have protection measures for reporters

The company has disclosed the details of the anti-corruption policy on the company's website. under the topic of corporate governance

(7) Channels for Reporting Clues

The Company provides channels for stakeholders to report clues and complaints through the channels provided by the Company, including E-mail, telephone, online channels. which suggestions will be collected, screened and reported to top management. in order to find a solution to the next problem.

In addition, the Company has established guidelines to control and prevent risks associated with a corruption to have proper control and management through various tools existing, such as the Company's operating manual defining roles and responsibilities of each party clearly and the budget usage schedule of each matter that must be approved by the department head. In addition, the Risk Management Working Group meeting also notes the matter in the Company's risk register, specifies a risk registration and guideline to especially prevent the risk of corruption, evaluates it every quarter, etc.

Being aware of the importance of the anti-corruption and ensuring that the policy will be implemented concretely, the Company arranges a training session about the anti-corruption policy for new employees annually to make employees aware of the Company's ideology of conducting business with integrity and understand the roles and practices to against a corruption. In 2021, the Company conducted a total of 12 training sessions, with a total of approximately 29 employees.

The Company has never had any disputes or cases associated with a corruption.

8.2 Report of Audit Committee during the past year

8.2.1 Number of Audit Committee Meetings

In 2021, the Audit Committee held 4 meetings with attendance of its members below.

Name		Position	Attendance / Total (Time)
1. Mr. Padungdej	Indralak	Chairman	4/4
2. Ms. Kunnigar	Triyangkulsr	Member	4/4
3. Mr. Surath	Pralongsil	Member	4/4

8.2.2 Report of Audit Committee

(Appear in Attachment 5)

8.2 Report of Executive Committee

In 2020, the Executive Committee held 16 meetings with attendance of its members below.

Name		Position	Attendance / Total (Time)
1. Mr. Adisak	Ruckariyaphong	Chairman	16/16
2. Mr. Anan	Ruckariyapong	Member	14/16
3. Ms. Piyajit	Ruckariyapong	Member	16/16
4. Mr. Arnupap	Ruckariyapong	Member	16/16
5. Mr. Thanarat	Ruckariyapong	Member	16/16

9. Internal control and related party transactions

9.1 Internal Control

(1) The Audit of the Internal Control System according to the Opinion of the Internal Auditor

The Company employed the internal auditor from the outsource, P&L Corporation Company Limited, to be the internal auditor for 2021, with quarterly reviews. The internal auditor inspected the internal control system according to the plan approved by the Audit Committee to evaluate the sufficiency and appropriateness of the internal control system of the Company and audited whether or not the Company fully complied with the internal control system.

At the meeting of the Audit Committee in 2021, the internal auditor from the external agency attended every meeting with the Audit Committee to report the results of the internal control system audit of the Company. The internal auditor summarized the audit results and issues found during the audit, along with providing recommendations and a report of the follow-up of the internal control system improvement of the previous quarter to the meeting. When these points were acknowledged at the meeting of the Audit Committee, the management was assigned to resolve various issues as suggested by the internal auditor completely.

In addition, according to the Charter of the Audit Committee of the Company, the Audit Committee has the duty to approve the appointment, transfer, and dismissal of the head of the Internal Audit department or any other departments responsible for internal auditing. The Audit Committee is of the opinion that the internal auditor of the Company are experts in internal control system auditing and has experiences in internal auditing for companies listed on the Stock Exchange of Thailand.

(2) Summary of Accounting Observations and Recommendations based on the Opinions of the Auditor

At the Audit Committee meeting no. 1/2022 on February 21, 2022, KPMG Phoomchai Audit Ltd. (Auditor) who is the auditor of the Company attended the meeting with the Audit Committee to summarize accounting observations and suggestions. From the audited financial statement of the Company for the year ending on December 31, 2021, it was concluded that the Company prepared the financial statements that were duly and appropriately in accordance with the financial reporting standards.

9.2 The summary of the details of connected transactions between the Company and the persons who may have conflicts of interest yearly ending December 31, 2021

The Company executed transactions with persons and juristic persons that may have conflicts of interest. The relationships can be summarized as follows:

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2021 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
Persons / Juristic Person that may have a conflict of interest of Sappe Public Company Limited				
1. Sappe Europe s.r.o. ("Sappe Europe")	<ul style="list-style-type: none"> The Company is a major shareholder holding 60.00% of Sappe Europe's paid-up share capital 	<ul style="list-style-type: none"> € 0.24 million of short-term loan with interest rates of 4% per annum 	<ul style="list-style-type: none"> 8.87 (8.87) 	<ul style="list-style-type: none"> The short-term loans offered to Sappe Europe are financial support provided by the former shareholders. The Company, subsequently, made an agreement for purchasing debt from the former shareholders by assigning interest rates comparable to market rates.
		<ul style="list-style-type: none"> Short-term loans 		
		Deduct allowance for doubtful accounts		
		Net		
		- Interest income	0.36	
		- Accrued interest receivables	3.27	
		Deduct net allowance for doubtful accounts	(3.27)	
		Net		
		Movements during the Year		
		Balance at the beginning of the year	8.63	
		- Loans	-	
		- Repayment	-	
		- Differences from changes in foreign exchange rates	0.24	
		Deduct allowance for doubtful accounts	(8.87)	
		Balance at the end of the year	-	
2. Toyox Trading (Thailand) Co., Ltd. ("Toyox")	<ul style="list-style-type: none"> The Ruckariyapongs, the Company's major shareholder, holds 66.00% of Toyox's paid-up share capital Same authorize director, Mr. Adisak Ruckariyaphong 	<ul style="list-style-type: none"> Factory equipment purchased from Toyox to use in the Company's production process 	<ul style="list-style-type: none"> 0.15 	<ul style="list-style-type: none"> Purchase price is based on market price, the same guideline as set for other non-related parties or organizations

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2021 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
5. Ruckariyapong Family, consisting of 6 persons as follows:				
<ul style="list-style-type: none"> Mr. Anan Ruckariyapong 	<ul style="list-style-type: none"> An authorized director, the President and a shareholder of 1.62 % of the paid-up share capital (<i>Percentage of shares as of 31 December 2021</i>) 	<ul style="list-style-type: none"> Rental fee of land at Klong 13 with total area of 97 rai 3 ngan 49 square wahs. 20-year Lease contract started from 1 October 2013 to 30 September 2033. The 6th year rental fee (October 2018 - September 2019) is 168,924 baht per month and the 7th year rental fee (October 2019 - September 2020) is 172,303 baht per month 	2.12	<ul style="list-style-type: none"> The lease of land and factories facilitates the operation and production. In this, instead of investing on the said land and buildings with large amount of fund, the Company's limited amount of capital is allocated to other necessary investments for the benefit of the Company. The lease rate of land with factory building is similar to that of the market prices.
<ul style="list-style-type: none"> Mr. Adisak Ruckariyaphong 	<ul style="list-style-type: none"> An authorized director, Chairman of Executive Committee and a shareholder of 17.07 % of the paid-up share capital (<i>Percentage of shares as of 31 December 2021</i>) 	<ul style="list-style-type: none"> Deposit of rental fee will be refunded when the contract ends. 	1.06	
<ul style="list-style-type: none"> Mr. Arnupap Ruckariyapong 	<ul style="list-style-type: none"> An authorized director, Chief Operating Officer, and a shareholder of 18.59 % of the paid-up share capital (UBS AG SINGAPORE BRANCH as a Custodian, 3.27%) (<i>Percentage of shares as of 31 December 2021</i>) 			
<ul style="list-style-type: none"> Miss Piyajit Ruckariyapong 	<ul style="list-style-type: none"> Director, Chief Executive Officer and a shareholder of 17.73 % of the paid-up share capital (<i>Percentage of shares as of 31 December 2021</i>) 			

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2021 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
<ul style="list-style-type: none"> Mrs. Somnuek Isoonpisansiri Mr. Thanarat Ruckariyapong 	<ul style="list-style-type: none"> A shareholder of 1.56 % of the paid-up share capital (Percentage of shares as of 31 December 2021) A shareholder of 18.33 % of the paid-up share capital (UBS AG SINGAPORE BRANCH as a Custodian, 3.27%) (Percentage of shares as of 31 December 2021) 			
6. Mr. Veeravooth Phuchanakit	<ul style="list-style-type: none"> The spouse (de facto) of Ms. Piyajit Ruckariyapong, an authorized director who is authorized by the Company and the Chief Executive Officer 	<ul style="list-style-type: none"> Management consulting fee 	1.20	<ul style="list-style-type: none"> Service fee is in accordance with market price, the same guideline as set for other non-related parties or organizations.
7. Bangkok Best Buy Co., Ltd. ("BBB")	<ul style="list-style-type: none"> Authorized director and major shareholder is Mr. Veeravooth Phuchanakit, holding 43.33% of BBB's paid-up share capital. Mr. Veeravooth Phuchanakit is the spouse (de facto) of Ms. Piyajit Ruckariyapong, an authorized director who is authorized by the Company and the Chief Executive Officer. 	<ul style="list-style-type: none"> Purchase of Building Improvement 	1.55	<ul style="list-style-type: none"> Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations
8. The Conte Co., Ltd. ("The Conte")	<ul style="list-style-type: none"> Ms. Nantiya Worapratheep, the spouse of Mr. Anak Lapsuksattit (Chief Financial Officer) is an authorized director and a major shareholder holding 99.80% of The Conte's paid-up capital shares 	<ul style="list-style-type: none"> Management consulting fee 	8.08	<ul style="list-style-type: none"> Service fee is in accordance with market price, the same guideline as set for other non-related parties or organizations.

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2021 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
13. All Coco Group Co., Ltd. ("All Coco Group")	<ul style="list-style-type: none"> A subsidiary of Sappe Holding, holding 51.00% of All Coco Group's registered share capital The same authorized directors, Mr. Adisak Ruckariyapong, Mr. Arnupap Ruckariyapong and Ms. Piyajit Ruckariyapong, who is an authorized director to sign with authorization from the Company 	<ul style="list-style-type: none"> Revenue from selling Accounts receivable Other income Other accounts receivable <p>Deduct Allowance for doubtful accounts</p> <p>Net</p> <ul style="list-style-type: none"> The company bought coconut-based products for sale Products purchase Trade accounts payable Entertaining expense incurring from the purchase of coconut products Other accounts payable 4.80 million baht of short-term loans with interest rates of 3.2% per annum. On 28 August 2019 and 10 June 2020, ACG repaid the loan in the amount of 0.21 million baht and 1.53 million baht, respectively. Short-term loans Interest income Accrued interest receivables <p>Movements during the Year</p> <ul style="list-style-type: none"> Balance at the beginning of the year Repayment Balance at the end of the year 	0.07 0.03 3.44 1.63 <u>(0.41)</u> 1.22	<ul style="list-style-type: none"> Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations. The short-term loan is used as working capital of Coconut Factory group of companies, with interest rates comparable to the market rates.

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2021 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
14. All Coco Co., Ltd. ("All Coco")	<ul style="list-style-type: none"> An indirect subsidiary of Sappe Holding and a wholly owned subsidiary of All Coco Group 	<ul style="list-style-type: none"> 3.20 million Baht of short-term loans with interest rates of 3.2% per annum. On 30 August 2019 and 10 June 2020, ACC repaid the loan in the amount of 0.14 million baht and 0.51 million baht, respectively. - Short-term loans - Interest income - Accrued interest receivables 	<ul style="list-style-type: none"> 2.55 0.08 0.13 	<ul style="list-style-type: none"> The short-term loan is used as working capital of Coconut Factory group of companies, with interest rates comparable to the market rates.
Movements during the Year				
		- Balance at the beginning of the year	2.55	
		- Loans	-	
		- Repayment	-	
		- Balance at the end of the year	<u>2.55</u>	
15. Danone Sappe Beverages Co., Ltd. ("Danone")	<ul style="list-style-type: none"> An associated company of Sappe Holding, holding 25.00% of the Danone's registered share capital The same authorized directors, Ms. Piyajit Ruckariyapong, who is an authorized director to sign with authorization from the Company 	<ul style="list-style-type: none"> Sale of Finished Products - Revenue from sales - Accounts receivable Transportation revenue - Revenue from monthly service and operation - Other accounts receivable - Purchase of finished products for sale - Purchase of products - Accounts payable 	<ul style="list-style-type: none"> 114.05 16.52 0.60 9.90 0.65 167.01 29.12 	<ul style="list-style-type: none"> Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations.

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2021 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
Persons / Juristic Persons that may have a conflict of interest of Sappe Europe s.r.o – Subsidiary				
1. Mr. Milan Bucek	<ul style="list-style-type: none">A shareholder of Sappe Europe, holding 20.00% of the paid-up share capital.	<ul style="list-style-type: none">Accrued dividends payment with an agreement to pay from Sappe Europe's profits in the amount of €109,076.03	4.13	<ul style="list-style-type: none">Accrued dividends are in accordance with Sappe Europe's regulations which require the dividends of Mr. Milan Bucek to be paid in full amount. Subsequently, remaining parts of the profit are allocated as per the proportion of the payable investment.
2. Mr. Ing. Ivan Ježo	<ul style="list-style-type: none">A shareholder of Sappe Europe, holding 20.00% of the paid-up share capital.	<ul style="list-style-type: none">€ 0.02 million of short-term loan (no interest charged). <p>Movements during the Year</p> <ul style="list-style-type: none">- Balance at the beginning of the year 0.93- Differences from changes in foreign exchange rates 0.02- Balance at the end of the year 0.95	0.95	<ul style="list-style-type: none">Short-term loan is used to support Sappe Europe's business operations.
3. Italmarket Slovakia, a.s. ("Italmarket")	<ul style="list-style-type: none">Same shareholder, Mr. Ing. Ivan Ježo, holding 20.00% of Sappe Europe's paid-up share capital and 17.17% of Italmarket's paid-up share capital	<ul style="list-style-type: none">Sales of products to Italmarket.<ul style="list-style-type: none">- Revenue from sales 4.72- Accounts receivable 0.16Transportation cost from products distribution by Italmarket. 0.03		<ul style="list-style-type: none">Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations.The price is similar to that of the market price
		<ul style="list-style-type: none">€0.08 million of short-term loan with interest rate of 2% per annum.<ul style="list-style-type: none">- Short-term loans 3.03- Interest expense 0.06- Accrued interest payable 0.71 <p>Movements during the Year</p> <ul style="list-style-type: none">- Balance at the beginning of the year 2.95- Differences from changes in foreign exchange rates 0.08- Balance at the end of the year 3.03		<ul style="list-style-type: none">The short-term loan is used to support Sappe Europe's business operations with interest rates comparable to the market rates.

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2021 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
Persons / Juristic Persons that may have a conflict of interest of Sappee Holding (Thailand) Co., Ltd. – Subsidiary				
1. Sappee Trading(Shanghai) Co., Ltd. ("Sappee Shanghai")	<ul style="list-style-type: none"> A wholly owned subsidiary of Sappee HK Same authorized director, Ms. Piyajit Ruckariyapong 	<ul style="list-style-type: none"> Sales promotion and marketing in China expenses and Commission Other accounts receivable 	37.77 <u>(37.77)</u>	<ul style="list-style-type: none"> Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations.
	Deduct	Allowance for doubtful accounts		
	Net		<u>-</u>	
Persons / Juristic Persons that may have a conflict of interest of All Coco Group Co., Ltd. – Indirect subsidiary				
1. Mrs. Waraporn Manasrungssee	<ul style="list-style-type: none"> An authorized director and key executive 	<ul style="list-style-type: none"> 6.00 million baht of a short-term loan with interest rates of 3.2% per annum was repaid on 28 August 2019 in the amount of 2.33 million baht and on 10 June 2020 in the amount of 0.98 million baht. Another 0.5 million baht of a short-term loan (with no interest charges) was fully repaid on 30 August 2019. 		<ul style="list-style-type: none"> Short-term loan is used as working capital for All Coco group of companies, with interest rates comparable to the market rates.
		<ul style="list-style-type: none"> Short-term loans Interest expense Accrued interest payable 	2.69 0.09 0.13	
		Movements during the Year		
		<ul style="list-style-type: none"> Balance at the beginning of the year Repayment Balance at the end of the year 	2.69 - <u>2.69</u>	

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2021 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
2. Mrs. Trakarnjit Suteesophon	<ul style="list-style-type: none"> An authorized director 	<ul style="list-style-type: none"> 6.00 million baht of a short-term loan with interest rates of 3.2% per annum was repaid on 28 August 2019 in the amount of 2.33 million baht and on 10 June 2020 in the amount of 0.98 million baht. Another 0.5 million baht of a short-term loan (with no interest charges) was fully repaid on 30 August 2019. Short-term loans Interest expense Accrued interest payable 	<ul style="list-style-type: none"> 2.69 0.09 0.13 	<ul style="list-style-type: none"> Short-term loan is used as working capital for All Coco group of companies, with interest rates comparable to the market rates.
Movements during the Year				
- Balance at the beginning of the year			2.69	
- Repayment			-	
- Balance at the end of the year			2.69	
- Rental of factory land			0.36	

Necessity and Reasonableness of Connected Transaction

The Audit Committee has reviewed the connected transactions with the related parties or organizations for the fiscal year ending 31 December 2019 as detailed above and has been of the opinion that the said transactions were necessary and reasonable. For example, a trade of products, machinery and equipment are a normal business practice of the company. The transaction has general commercial conditions which is in accordance with the market price and can be compared with transactions made with other third parties not related to the company. Furthermore, the contract of land and buildings lease to be used as the company's production plants, their rental prices were based on the appraised value of the independent property appraiser. Therefore, the transactions were all reasonable and fair and did not cause the company to lose any benefits.

Measures or Procedures for Approving Connected Transactions

The Board of Directors has considered transactions that may have conflicts of interest or related transactions under ethical framework by screening them according to the policy and procedures for approving connected transactions which are in accordance with the law on Securities and Stock Exchange, regulations, announcements, orders, or requirements of the Securities and Exchange Commission, the Capital Market Supervisory Board, and the Stock Exchange of Thailand involving in the said matter. In addition, the Board of Directors has also considered the compliance with the requirements regarding the disclosure of connected transaction information of the company or subsidiaries in accordance with the accounting standards prescribed by the Institute of Certified Accountants and Auditors of Thailand. In this regard, any person who may have a conflict of interest or have an interest in the transactions cannot participate or vote for approving the said transactions.

In case that the law requires approval from the Board of Directors or at the shareholders' meeting of the company, the company will invite the Audit Committee to attend the meeting to consider and comment on the necessity of doing the transactions and the reasonability of such transactions.

Commercial Transactions with General Trade Conditions

For the transactions which are the commercial transactions with general commercial conditions occurring between the company or subsidiaries and a person who may have a conflict of interest or have an interest in the future, the company has specified frameworks of the said transactions which were considered and approved by the Audit Committee and were officially approved by the Board of Directors. When conducting the said transactions, the management of the company can approve the transaction conduction whereby the transactions must include a trade agreement in the same way that a reasonable person will do with general contracting parties in the same situation with the bargaining power without influence of a director, executive or related person (Arm's Length Basis). And the transactions must be a business transaction that the company or subsidiaries operate normally to do business or a business transaction in which companies in the same business as the company or subsidiaries tend to conduct to support their normal business. The business transaction

must include a fair price and conditions, must not cause the transfer of benefits, and must include the following commercial conditions:

- 1) Price and conditions that the company or subsidiary receive or give to general public
- 2) Price and conditions that the connected persons give to the general public
- 3) Price and conditions that the company can show that other business operators also give those to the general public

In addition, in case of having any business transactions with Arm's Length Basis, the management of the company will a decision maker. After the management's approval, a summary report of the said connected transactions will be conducted to report to the meeting of the Board of Directors to acknowledge. In case that the Audit Committee and the Board of Directors find that some actions are taken in violation of the established policies, the Audit Committee and the Board of Directors will work together to find solutions.

Commercial Transactions with No General Trade Condition or Other Transactions

In case that the commercial transactions did not include general commercial conditions or the commercial transactions occur between the company or a subsidiaries and a person who may have a conflict of interest or have an interest in the future, the company must propose to the Audit Committee to consider and comment on the necessity and appropriateness of the transactions, including the appropriateness of the price and conditions in those transactions. There must be a comparison of the price in those and the price made with third parties or the market price before presenting to the Board of Directors and / or the shareholders' meeting for further approval. In case that the Audit Committee is not skilled in considering any related transactions, the company will have an independent expert or the company's auditors to give an opinion on them instead. Therefore, the opinion will be used in the decision of the Audit Committee, the Board of Directors and / or the shareholders' meeting. In this regard, any person who may have a conflict of interest or have an interest in the transactions cannot participate or vote for approving the said transactions.

Policy or Trend of Future Connected Transactions

The company anticipated that in the future, the connected transactions will be normal business transactions as usual, including taking the interests of the company and its subsidiaries into account and without additional special items and transfer of benefits to each other. For the pricing policies between related parties, pricing will be the normal price of the business as the price specified for other unrelated parties / businesses. The future financial assistance to subsidiaries will continue as necessary and appropriate, such as a trade of products or costs of mutual marketing. However, for any connected transactions that may occur in the future, the Board of Directors must comply with the securities and exchange laws, regulations, announcements, orders, or requirements of the Securities and Exchange Commission, the Capital Market Supervisory Board, and the Stock Exchange of Thailand. It also includes the compliance with the requirements regarding the disclosure of connected transaction information of the company or subsidiaries in accordance with the financial reporting standards specified by the Federation of Accounting Professions.

3

Financial Statements

Independent Auditor's Report

To the Shareholders of Sappe Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Sappe Public Company Limited and its subsidiaries (the “Group”) and of Sappe Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2021, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2021 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statement of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statement as a whole, and in forming our opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of inventories	
Refer to Notes 3 (g) and 8 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
As there is high competition in both local and overseas markets for health and functional drinks, new products are continuously launched to attract customers and fulfil their changing needs. Consequently, the products of the Group and the Company have short lives, their sales and selling prices are subject to the market situation, and long-outstanding inventories may result. The Group's and the Company's inventories are stated at the lower of cost and net realisable value which involves management's judgment. This is an area of focus in my audit.	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - Inquiry of the management to obtain an understanding of the Group's and the Company's policy in relation to setting provision for inventories and reviewing the Group's and the Company's compliance with this policy; - Understanding and evaluating the design and effectiveness of internal controls relevant to inventory management and attending inventory counts and observing the condition of inventories; - Testing the accuracy of inventory aging by checking samples to relevant supporting documents; - Testing the valuation of inventories by comparing their costs against their expected net realisable values less relevant selling expenses, and checking samples of the related supporting documents; and - Considering the adequacy of disclosure in accordance with the financial reporting standard.
Accrued promotional expenses	
Refer to Notes 3 (o) and 16 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
There is high competition in both local and overseas markets for health and functional drinks. The Group offers customers several types of promotional offers to compete with its competitors. The Group has accrued promotional expenses for these offers based on statistical information, and management's judgment on the behaviour of both local and overseas customers, and the type of offer. This is an area of focus in my audit.	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - Inquiry of the management to obtain an understanding of the Group's policy in relation to accruing promotional expenses and reviewing the Group's compliance with this policy; - Understanding and evaluating the design and effectiveness of internal controls relevant to the sales process and estimation of accrued promotional and marketing expenses; - Testing the calculation of accrued promotional expenses by checking to samples of related supporting documents; - Testing that accrued promotional expenses related to offers active as at year end and in the year by checking to samples of related supporting documents; and - Considering the adequacy of disclosure in accordance with the financial reporting standard.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I conclude that there is a material misstatement therein, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Sureerat Thongarunsang)
Certified Public Accountant
Registration No. 4409

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2022

Statement of financial position

Sappe Public Company Limited and its Subsidiaries

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2021	2020	2021	2020
(in Baht)					
Current assets					
Cash and cash equivalents	6	382,609,637	194,389,005	324,544,988	151,917,400
Trade accounts receivable	5, 7	340,585,908	435,587,557	318,779,821	418,916,890
Other current receivables	5	89,166,138	64,461,846	88,194,135	63,018,425
Short-term loans to related parties	5, 27	-	-	5,610,000	5,610,000
Inventories	8	290,717,932	221,066,443	247,138,839	175,509,538
Other current financial assets	27	1,371,105,836	1,415,102,085	1,371,105,836	1,415,102,085
Other current assets		49,508,226	30,710,236	48,484,762	18,118,201
Total current assets		2,523,693,677	2,361,317,172	2,403,858,381	2,248,192,539
Non-current assets					
Other non-current financial assets	27	66,752,209	-	66,752,209	-
Investment in associates	9	88,954,557	14,189,086	-	-
Investment in subsidiaries	10	-	-	390,161,757	290,161,757
Property, plant and equipment	12	951,274,103	1,006,220,547	816,631,323	881,240,267
Right-of-use assets	5, 13	54,965,055	96,762,821	47,224,314	63,124,005
Goodwill	14	90,898,858	90,898,858	-	-
Intangible assets other than goodwill	15	43,346,346	49,952,033	34,880,909	40,338,574
Deferred tax assets	24	19,813,093	18,306,227	19,677,392	18,210,524
Other non-current assets	5	8,703,320	9,513,149	4,495,238	5,515,238
Total non-current assets		1,324,707,541	1,285,842,721	1,379,823,142	1,298,590,365
Total assets		3,848,401,218	3,647,159,893	3,783,681,523	3,546,782,904

The accompanying notes from an integral part of the financial statements.

Statement of financial position

Sappe Public Company Limited and its Subsidiaries

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2021	2020	2021	2020
<i>(in Baht)</i>					
Current liabilities					
Bank overdraft		1,887,559	1,461,577	-	-
Trade accounts payable	5, 27	180,815,354	217,939,063	192,601,876	228,783,459
Other current payables	5, 16	495,094,418	360,001,325	468,644,151	335,208,706
Current portion of long-term borrowing					
from financial institutions	27	-	30,967	-	-
Short-term borrowings from related parties	5, 27	9,460,367	9,352,252	-	-
Current portion of lease liabilities	13, 27	10,071,294	25,330,211	8,795,203	11,571,080
Current income tax payable		48,140,196	56,390,480	48,018,115	55,824,390
Total current liabilities		745,469,188	670,505,875	718,059,345	631,387,635
Non-current liabilities					
Lease liabilities	13, 27	51,876,806	65,898,173	44,252,095	56,997,371
Deferred tax liabilities	24	2,999,799	2,907,109	-	-
Non-current provisions for employee benefits	17	36,610,783	27,612,912	35,603,859	27,020,956
Other non-current liabilities	5	4,973,414	7,128,331	-	-
Total non-current liabilities		96,460,802	103,546,525	79,855,954	84,018,327
Total liabilities		841,929,990	774,052,400	797,915,299	715,405,962

The accompanying notes from an integral part of the financial statements.

Statement of financial position

Sappe Public Company Limited and its Subsidiaries

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2021	2020	2021	2020
(in Baht)					
Equity					
Share capital	18, 19				
Authorised share capital		308,438,080	308,438,080	308,438,080	308,438,080
Issued and paid-up share capital		306,086,680	304,378,080	306,086,680	304,378,080
Share premium on ordinary shares	18	1,021,354,110	975,607,543	1,021,354,110	975,607,543
Warrants	19	19,029,377	27,801,990	19,029,377	27,801,990
Retained earnings					
Legal reserve	20	30,843,808	30,843,808	30,843,808	30,843,808
Unappropriated		1,533,645,297	1,433,294,150	1,608,452,249	1,492,745,521
Difference arising from common control transactions		(4,365,342)	(4,365,342)	-	-
Currency translation differences		(914,100)	4,028,594	-	-
Equity attributable to owners of the parent		2,905,679,830	2,771,588,823	2,985,766,224	2,831,376,942
Non-controlling interests	11	100,791,398	101,518,670	-	-
Total equity		3,006,471,228	2,873,107,493	2,985,766,224	2,831,376,942
Total liabilities and equity		3,848,401,218	3,647,159,893	3,783,681,523	3,546,782,904

The accompanying notes from an integral part of the financial statements.

Statement of income

Sappe Public Company Limited and its Subsidiaries

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended		Year ended	
		31 December		31 December	
	Note	2021	2020	2021	2020
		(in Baht)			
Revenue					
Revenue from sale of goods	5, 21	3,444,159,868	3,268,083,931	3,181,622,524	2,991,877,609
Other income	5, 22	268,605,575	52,848,886	264,357,744	50,198,136
Total revenue		3,712,765,443	3,320,932,817	3,445,980,268	3,042,075,745
Expenses					
Cost of sales of goods	23	2,089,126,728	2,067,231,583	1,865,640,841	1,854,783,359
Distribution costs	23	759,883,415	451,485,324	737,881,868	423,243,272
Administrative expenses	23	318,254,849	298,358,591	294,230,906	273,152,073
Net foreign exchange loss		5,675,506	5,906,280	13,924,638	9,339,106
Total expenses		3,172,940,498	2,822,981,778	2,911,678,253	2,560,517,810
Profit from operating activities		539,824,945	497,951,039	534,302,015	481,557,935
Finance costs	5, 13	-2,515,724	-3,152,940	(1,768,353)	(2,098,891)
Reversal of impairment loss (impairment loss)					
determined in accordance with TFRS 9	5, 7, 27	-859,203	2,673,744	(1,090,725)	1,649,406
Share of loss from associates accounted					
for using equity method	9	-20,234,729	-15,555,149	-	-
Profit before income tax expense		516,215,289	481,916,694	531,442,937	481,108,450
Tax expense	24	105,980,440	95,966,291	105,272,913	94,472,891
Profit for the year		410,234,849	385,950,403	426,170,024	386,635,559
Profit (loss) attributable to:					
Owners of the parent		410,814,443	380,160,972	426,170,024	386,635,559
Non-controlling interests	11	(579,594)	5,789,431	-	-
		410,234,849	385,950,403	426,170,024	386,635,559
Earnings per share					
Basic earnings per share	25	1.35	1.25	1.40	1.27
Diluted earnings per share		1.34	1.25	1.39	1.27

The accompanying notes from an integral part of the financial statements.

Statement of comprehensive income

Sappe Public Company Limited and its Subsidiaries

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
Note	2021	2020	2021	2020
(in Baht)				
Profit for the year	410,234,849	385,950,403	426,170,024	386,635,559
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(5,090,372)	(3,732,073)	-	-
Other comprehensive income (expense) for the year, net of tax	(5,090,372)	(3,732,073)	-	-
Total comprehensive income for the year	<u>405,144,477</u>	<u>382,218,330</u>	<u>426,170,024</u>	<u>386,635,559</u>
Total comprehensive income (expense) attributable to:				
Owners of the parent	405,871,749	376,852,316	426,170,024	386,635,559
Non-controlling interests	11 (727,272)	5,366,014	-	-
	<u>405,144,477</u>	<u>382,218,330</u>	<u>426,170,024</u>	<u>386,635,559</u>

The accompanying notes from an integral part of the financial statements.

Statement of changes in equity

Sappe Public Company Limited and its Subsidiaries

Consolidated financial statements												
		Retained earnings			Other components of equity							
						Difference arising from common control transactions	Translation reserve	Total other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity	
		(in Baht)										
Year ended 31 December 2020												
Balance at 31 December 2019 - as reported												
	Impact of changes in accounting policies											
	Balance at 1 January 2020	304,378,080	975,607,543	20,931,117	30,843,808	1,312,461,984	(4,365,342)	7,337,251	2,971,909	2,647,194,441	96,575,058	2,743,769,499
		-	-	-	-	(6,761,400)	-	-	-	(6,761,400)	(422,403)	(7,183,803)
		304,378,080	975,607,543	20,931,117	30,843,808	1,305,700,584	(4,365,342)	7,337,251	2,971,909	2,640,433,041	96,152,655	2,736,585,696
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the parent												
19	Share-based payment transactions	-	-	6,870,873	-	-	-	-	-	6,870,873	-	6,870,873
26	Dividends	-	-	-	-	(252,567,406)	-	-	-	(252,567,406)	-	(252,567,406)
Total contributions by and distributions to owners of the parent												
		-	-	6,870,873	-	(252,567,406)	-	-	-	(245,696,533)	-	(245,696,533)
Total transactions with owners, recorded directly in equity												
		-	-	6,870,873	-	(252,567,406)	-	-	-	(245,696,533)	-	(245,696,533)
Comprehensive income for the year												
	Profit	-	-	-	-	380,160,972	-	-	-	380,160,972	5,789,431	385,950,403
	Other comprehensive income	-	-	-	-	-	-	(3,308,657)	(3,308,657)	(3,308,657)	(423,416)	(3,732,073)
Total comprehensive income (expense) for the year												
		-	-	-	-	380,160,972	-	(3,308,657)	(3,308,657)	376,852,315	5,366,015	382,218,330
Balance at 31 December 2020												
		304,378,080	975,607,543	27,801,990	30,843,808	1,433,294,150	(4,365,342)	4,028,594	(336,748)	2,771,588,823	101,518,670	2,873,107,493

The accompanying notes form an integral part of the financial statements.

Statement of changes in equity

Sappe Public Company Limited and its Subsidiaries

	Note	Consolidated financial statements										Total equity	
		Retained earnings			Other components of equity				Equity attributable to owners of the parent	Non-controlling interests			
		Issued and paid-up share capital	Share premium	Warrants	Legal reserve	Unappropriated	Difference arising from common control transactions (in Baht)	Translation reserve			Total other components of equity		
Year ended 31 December 2021													
Balance at 1 January 2021													
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners of the parent													
Shares options exercised	18, 19	1,708,600	45,746,567	(12,326,350)	-	-	-	-	-	-	35,128,817	-	35,128,817
Share-based payment transactions	19	-	-	3,553,737	-	-	-	-	-	-	3,553,737	-	3,553,737
Dividends	26	-	-	-	-	(310,463,296)	-	-	-	-	(310,463,296)	-	(310,463,296)
Total contributions by and distributions to owners of the parent													
		1,708,600	45,746,567	(8,772,613)	-	(310,463,296)	-	-	-	-	(271,780,742)	-	(271,780,742)
Total transactions with owners, recorded directly in equity													
		1,708,600	45,746,567	(8,772,613)	-	(310,463,296)	-	-	-	-	(271,780,742)	-	(271,780,742)
Comprehensive income for the year													
Profit		-	-	-	-	410,814,443	-	-	-	-	410,814,443	(579,594)	410,234,849
Other comprehensive income		-	-	-	-	-	-	(4,942,694)	(4,942,694)	(4,942,694)	(147,678)	(5,090,372)	
Total comprehensive income (expense) for the year													
		-	-	-	-	410,814,443	-	(4,942,694)	(4,942,694)	(4,942,694)	405,871,749	(727,272)	405,144,477
Balance at 31 December 2021													
		306,086,680	1,021,354,110	19,029,377	30,843,808	1,533,645,297	(4,365,342)	(914,100)	(5,279,442)	2,905,679,830	100,791,398	3,006,471,228	

The accompanying notes from an integral part of the financial statements.

Statement of changes in equity

Sappe Public Company Limited and its Subsidiaries

Separate financial statements							
	Note	Issued and paid-up share capital	Share premium	Retained earnings			Total equity
				Warrants	Legal reserve	Unappropriated	
(in Baht)							
Year ended 31 December 2020							
Balance at 31 December 2019 - as reported		304,378,080	975,607,543	20,931,117	30,843,808	1,365,995,921	2,697,756,469
Impact of changes in accounting policies		-	-	-	-	(7,318,553)	(7,318,553)
Balance at 1 January 2020		304,378,080	975,607,543	20,931,117	30,843,808	1,358,677,368	2,690,437,916
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share-based payment transactions	19	-	-	6,870,873	-	-	6,870,873
Dividends	26	-	-	-	-	(252,567,406)	(252,567,406)
Total contributions by and distributions to owners		-	-	6,870,873	-	(252,567,406)	(245,696,533)
Comprehensive income for the year							
Profit		-	-	-	-	386,635,559	386,635,559
Total comprehensive income for the year		-	-	-	-	386,635,559	386,635,559
Balance at 31 December 2020		304,378,080	975,607,543	27,801,990	30,843,808	1,492,745,521	2,831,376,942

The accompanying notes from an integral part of the financial statements.

Sappe Public Company Limited and its Subsidiaries

		Issued and paid-up share capital	Share premium	Warrants	Legal reserve	Unappropriated	Total equity
	Note				(in Baht)		
Year ended 31 December 2021							
Balance at 1 January 2021							
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Shares options exercised	18, 19	1,708,600	45,746,567	(12,326,350)	-	-	35,128,817
Share-based payment transactions	19	-	-	3,553,737	-	-	3,553,737
Dividends	26	-	-	-	-	(310,463,296)	(310,463,296)
Total contributions by and distributions to owners							
		1,708,600	45,746,567	(8,772,613)	-	(310,463,296)	(271,780,742)
Comprehensive income for the year							
Profit		-	-	-	-	426,170,024	426,170,024
Total comprehensive income for the year							
		-	-	-	-	426,170,024	426,170,024
Balance at 31 December 2021							
		306,086,680	1,021,354,110	19,029,377	30,843,808	1,608,452,249	2,985,766,224

The accompanying notes form an integral part of the financial statements.

Statement of cash flows

Sappe Public Company Limited and its Subsidiaries

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2021	2020	2021	2020
(in Baht)					
Cash flows from operating activities					
Profit for the year		410,234,849	385,950,403	426,170,024	386,635,559
Adjustments to reconcile profit to cash receipts					
(payments)					
Tax expense	24	105,980,440	95,966,291	105,272,913	94,472,891
Finance costs		2,515,724	3,152,940	1,768,353	2,098,891
Depreciation	12, 13, 23	189,378,801	195,514,251	168,925,375	173,860,938
Amortisation	15, 23	8,499,548	6,650,595	7,480,472	6,503,989
Impairment loss recognised in profit or loss (reversal)		324,048	(2,673,744)	1,090,725	(1,649,406)
Loss on inventories devaluation	8	1,572,639	10,787,153	1,958,239	10,846,749
Unrealised (gain) loss on exchange rates		6,878,304	(4,372,922)	6,561,400	(5,328,883)
Unrealised gain from current investment revaluation	27	(4,887,192)	(7,096,700)	(4,887,192)	(7,096,700)
(Gain) loss on sale of current investments	27	(1,016,559)	2,429,593	(1,016,559)	2,429,593
(Gain) loss on disposal of plant and equipment		(354,276)	434,061	(768,529)	(1,041,109)
Loss on disposal of intangible assets		167,946	71,312	-	71,312
Share of loss of interest in associates accounted					
for using equity method, net of tax	9	20,234,729	15,555,149	-	-
Non-current provisions for employee benefits		9,592,871	7,749,957	9,177,903	7,505,754
Share-based payment	19	3,553,737	6,870,873	3,553,737	6,870,873
Interest income		(1,217,200)	(4,728,146)	(1,752,813)	(5,226,098)
Dividend income		-	(457,201)	-	(457,201)
		751,458,409	711,803,865	723,534,048	670,497,152
Changes in operating assets and liabilities					
Trade accounts receivable		95,127,160	(82,575,976)	100,270,241	(84,069,090)
Other current receivables		(28,134,717)	(22,682,958)	(28,527,957)	(20,620,786)
Inventories		(71,224,128)	(14,956,561)	(73,587,540)	2,620,955
Other current assets		(30,607,916)	(11,375,346)	(30,366,561)	547,905
Other non-current assets		809,828	11,074,140	1,020,000	(146,500)
Trade accounts payable		(37,123,673)	35,843,009	(36,181,546)	48,978,767
Other current payables		136,502,689	(4,948,855)	132,838,438	(8,472,689)
Other non-current liabilities		(2,173,165)	(1,356,000)	-	-
Foreign currency translation differences of subsidiaries		(5,005,774)	(3,232,232)	-	-
Net cash generated from operating		809,628,713	617,593,086	788,999,123	609,335,714
Provisions for employee benefits paid		(595,000)	(440,000)	(595,000)	(440,000)
Taxes paid		(115,644,899)	(77,243,017)	(114,546,056)	(76,704,280)
Net cash from operating activities		693,388,814	539,910,069	673,858,067	532,191,434

The accompanying notes from an integral part of the financial statements.

Statement of cash flows

Sappe Public Company Limited and its Subsidiaries

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2021	2020	2021	2020
(in Baht)					
Cash flows from investing activities					
Payment on investments in subsidiaries	10	-	-	(100,000,000)	-
Acquisition of associate	9	(95,000,200)	-	-	-
Acquisition of other debt securities	27	(67,000,000)	-	(67,000,000)	-
Acquisition of other current financial assets	27	(1,700,821,222)	(2,542,101,573)	(1,700,821,222)	(2,542,101,573)
Proceeds from sale of other current financial assets	27	1,750,721,222	2,263,799,054	1,750,721,222	2,263,799,054
Proceeds from sale of other long-term investments	27	-	100,000,000	-	100,000,000
Acquisition of plant and equipment		(103,344,138)	(77,402,660)	(96,380,962)	(69,255,585)
Proceeds from sale of plant and equipment		706,749	1,249,388	689,719	1,050,000
Acquisition of intangible assets		(2,131,984)	(2,280,722)	(2,113,849)	(400,222)
Proceeds from repayment of loans to related party	5	-	-	-	2,040,000
Dividends received		-	457,201	-	457,201
Interest received		1,066,746	4,728,147	1,066,746	5,524,054
Net cash used in investing activities		(215,802,827)	(251,551,165)	(213,838,346)	(238,887,071)
Cash flows from financing activities					
Proceeds from bank overdrafts		425,982	2,429,615	-	-
Repayment of bank overdrafts		-	(968,038)	-	-
Proceeds from exercise of share options		35,128,816	-	35,128,816	-
Repayment of short-term borrowings		-	(1,960,000)	-	-
Repayment of long-term borrowings		(30,967)	(101,444)	-	-
Payment of lease liabilities		(12,171,733)	(18,854,362)	(10,296,281)	(11,106,162)
Dividend paid to owners of the Company	26	(310,463,296)	(252,567,406)	(310,463,296)	(252,567,406)
Interest paid		(2,261,139)	(3,641,846)	(1,768,354)	(2,098,891)
Net cash used in financing activities		(289,372,337)	(275,663,481)	(287,399,115)	(265,772,459)
Net increase in cash and cash equivalents, before effect					
of exchange rates		188,213,650	12,695,423	172,620,606	27,531,904
Effect of exchange rate changes on cash and cash					
equivalents		6,982	(1,463)	6,982	(1,463)
Net increase in cash and cash equivalents		188,220,632	12,693,960	172,627,588	27,530,441
Cash and cash equivalents at 1 January		194,389,005	181,695,045	151,917,400	124,386,959
Cash and cash equivalents at 31 December	6	382,609,637	194,389,005	324,544,988	151,917,400
Non-cash transactions					
Outstanding payables for purchases of plant and equipment		2,897,767	7,997,980	2,273,787	5,091,946
Outstanding payables for purchases of intangible assets		-	91,042	-	91,042

The accompanying notes from an integral part of the financial statements.

Notes to the financial statements
For the year ended 31 December 2021
Sappe Public Company Limited and its Subsidiaries

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 23 February 2022.

1 General information

Sappe Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand. The Company’s registered head office and branches as follows:

Head Office : 9/3 Serithai Road, Kannayao, Kannayao District, Bangkok.
 Branch 1 : 71 Ramkhamhaeng Road, Huamark, Bangkapi District, Bangkok
 Branch 2 : 8 Moo 7, Puech-udom, Lamlukka District, Pathumthani

The principal activities of the Company are manufacturing and distributing health drinking and food product. The principal activities of the Group are manufacturing and distributing health drinking, food and coconut products. Details of subsidiaries and associates as at 31 December 2021 and 2020 were as following;

Name of company	Nature of business	Country of incorporation /Nationality	Ownership interest (%)	
			2021	2020
<i>Direct subsidiaries</i>				
Sappe Europe s.r.o.	Distributing health drinking product	Slovakia	60	60
Sappe Holding (Thailand) Co., Ltd.	Group management service	Thailand	100	100
<i>Indirect subsidiaries</i>				
Sappe Trading (HongKong) Company Limited	Import, export and distribution of goods	Hong Kong	100	100
Sappe Hong Kong Company Limited	Group management service	Hong Kong	100	100
Sappe Trading (Shanghai) Co., Ltd.	Distributing health drinking product	People's Republic of China	100	100
All Coco Group Co., Ltd.	Producing and distributing coconut products	Thailand	51	51
with subsidiaries as follows :				
- All Coco Co., Ltd.	Distributing coconut products	Thailand	51	51
- K Best Farm Co., Ltd.	Providing and distributing domestic fresh coconut	Thailand	51	51
<i>Indirect associates</i>				
Danone Sappe Beverages Co., Ltd.	Distributing health drinking product	Thailand	25	25
M Intelligence Co., Ltd.	Distributing digital transformation products	Thailand	16.21	-

2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. The financial statements are presented in Thai Baht, which is the Company's functional currency. The accounting policies are described have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3 Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

The Group recognised investments in associates using the equity method in the consolidated financial statements. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's dividend income and share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated on consolidation. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business combinations

The Group applies the acquisition method when the Group assess that the acquired set of activities and assets include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The acquisition date is the date on which control is transferred to the Group other than those with entities under common control. Expenses in connection with a business combination are recognised as incurred.

The Group elect to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is an assets rather than a business acquisition when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less net fair value of the identifiable assets acquired and liabilities assumed. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, any contingent consideration and equity interests issued by the Group.

Any contingent consideration is measured at fair value at the date of acquisition and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combination under common control are accounted for using a method similar to the pooling of interest method, by recognising assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the transaction date. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or deficit from business combinations under common control in shareholder's equity. The surplus or deficit will be written off upon divestment of the businesses acquired. The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

(b) *Investments in subsidiaries and associates*

Investments in subsidiaries and associates in the separate financial statements are measured at cost less allowance for impairment losses. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established. If the Group disposes of part of its investment, the deemed cost of the part sold is determined using the weighted average method. Gains and losses on disposal of the investments are recognised in profit or loss.

(c) *Foreign currencies*

Transactions in foreign currencies including non-monetary assets and liabilities denominated in foreign currencies are translated to the respective functional currencies of each entity in the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated at the exchange rates at the dates that fair value was determined.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rate at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve until disposal of the investment, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity until disposal of the investment.

(d) Financial instruments

(d.1) Classification and Recognition

Financial assets and financial liabilities (except trade accounts receivables (see note 3 (f))) are initially recognised when the Group becomes a party to the contractual provisions of the instrument, and measured at fair value, taking into account for transaction costs that are directly attributable to its acquisition, except for financial assets measured at FVTPL, which are initially and subsequently measured at fair value, and any transaction costs that are directly attributable to its acquisition are recognised in profit or loss.

On initial recognition, a financial asset is classified as measured at: amortised cost; or fair value to profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

On initial recognition, a financial liability is measured at amortised cost using the effective interest method or FVTPL. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognised in profit or loss.

Financial assets measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss and any gain or loss on derecognition are recognised in profit or loss.

(d.2) Derecognition and Offset

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount extinguished and the consideration received or paid is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(d.3) Derivatives

Derivatives are recognised at fair value and remeasured at the end of each reporting period. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(d.4) Impairment of financial assets other than trade accounts receivables

The Group recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

The Group considers a financial asset to have low credit risk when its credit rating is equivalent to the globally understood definition of 'investment grade'. The Group recognises ECLs for low credit risk financial assets as 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

(d.5) Write offs

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments which has a maturity of three months or less from the date of acquisition. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Trade accounts receivable

A trade receivable is recognised when the Group has an unconditional right to receive consideration. A trade receivable is measured at transaction price less allowance for expected credit loss. Bad debts are written off when incurred.

The Group estimates lifetime expected credit losses (ECLs), using a provision matrix to find ECLs rate. This method groups the debtors based on shared credit risk characteristics and past due status, taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated as follows:

Finished goods	- at standard cost which approximates current production cost, at weighted average cost.
Work in progress	- at standard cost which includes raw materials, variable labour and manufacturing overhead costs and
Raw materials, spare parts, factory supplies and others	- at weighted average cost.

Cost includes direct costs incurred in acquiring the inventories. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(h) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes capitalised borrowing costs, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Difference between the proceeds from disposal and the carrying amount of property, plant and equipment are recognised in profit or loss.

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item when the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is calculated based on a straight-line basis over the estimated useful lives of each component of an asset and recognised in profit or loss. No depreciation is provided on freehold land and assets under construction.

The estimated useful lives are as follows:

Land improvement	5 - 15	years
Buildings and building improvement	5 - 20	years
Machinery and equipment	3 - 15	years
Furniture, fixtures and office equipment	3 - 20	years
Vehicles	5	years

(i) Goodwill

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment

(j) Other intangible assets

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it will generate the future economic benefits. Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognised in profit or loss.

The estimated useful lives are as follows:

Software licences	3 - 10 years
Trademarks and copyrights	Agreement life

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component. For the leases of property, the Group has elected not to separate non-lease components and accounted for the lease and non-lease components wholly as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any prepaid lease payments, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Group uses incremental borrowing rate to discount the lease payments to the present value. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a lease modification. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(l) *Impairment of non-financial assets*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses of assets recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) *Employee benefits*

Obligations for contributions to the [Group's/Company's] provident funds are expensed as the related service is provided.

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligations is discounted to the present value, which performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(n) *Share-based payments*

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(o) *Provision*

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) *Fair value measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price, the financial instrument is initially measured at fair value adjusted for the difference between the fair value on initial recognition and the transaction price and the difference is recognised in profit or loss immediately. However, for the fair value categorised as level 3, such difference is deferred and will be recognised in profit or loss on an appropriate basis over the life of the instrument or until the fair value level is transferred or the transaction is closed out.

(q) *Revenue from contract with customer*

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax or other sales taxes and is after deduction of any trade discounts and volume rebates.

Revenue from sales of goods is recognised on the date on which the goods are delivered to the customers. Revenue for rendering of services is recognised when services are provided. The related costs are recognised in profit or loss when they are incurred.

(r) *Income tax*

Income tax expense for the year comprises current and deferred tax, which is recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is recognised in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset in the separate financial statements.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) **Earnings per share**

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and warrants granted to employees.

4 Impact of COVID-19 Outbreak

COVID-19 pandemic is still on going, while vaccines for COVID-19 are being rolled out during 2021. Provincial governments decided to temporarily closure of some branches or reduce operating hours of the service facilities and operating offices. The management is closely monitoring the situation to ensure the safety of the Group's staff and to manage the negative impact on the business as much as possible.

5 Related parties

A related party is a person or entity that has direct or indirect control or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

Relationships with subsidiaries and associates are described in notes 1, 9 and 10. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation	Nature of relationships
Toyox Trading (Thailand) Co., Ltd.	Thailand	Common major shareholder
Hayashi Products Co., Ltd.	Thailand	Common major shareholder
3T Engineering Co., Ltd.	Thailand	Common major shareholder
On Fifth Co., Ltd.	Thailand	Common major shareholder
Hose Center Company Limited.	Thailand	Common major shareholder
Italmarket Slovakia, a.s.	Slovakia	Held by the shareholders in a subsidiary
Bangkok Bestbuy Group Co., Ltd.	Thailand	One of family member of the company's director is a director.
Social Lab Co.,Ltd.	Thailand	One of family member of the company's director is a director.
Group of Persons Ruckariyapong	Thailand	Held by key management personnel
Key management personnel	Thailand	Personnel who have authority and responsibility for planning, ordering and controlling for all direct and indirect activities including directors of the Group. (regardless of management role)

Significant transactions with related parties <i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sales of goods	-	-	66	331
Purchase of goods	-	-	88,227	58,931
Other income	-	-	23	-
Interest income	-	-	536	549
Distribution costs and administrative expenses	-	-	749	468
Associates				
Sales of goods	9	14,393	9	14,393
Purchase of goods	167,006	230,357	167,006	230,357
Other income	10,502	11,970	10,502	11,970
Other related parties				
Sales of goods	4,889	3,992	169	3
Purchases of machinery and equipment	1,631	73	1,631	73
Other income	361	932	361	932
Other expenses	526	169	526	169
Consultant fee	1,200	1,200	1,200	1,200
Distribution costs and administrative expenses	30	48	-	17
Interest expense	233	258	-	-
Key management personnel				
Short-term employee benefit and others	64,803	54,745	64,803	54,745
Long-term employee benefit	2,256	2,218	2,256	2,218
Share-based payments	809	1,760	809	1,760

Intercompany sales to and purchase from associates described above excluded co-packing and distribution with an indirect associate of Baht 114.04 million for the year ended 31 December 2021 (2020: Baht 161.28 million).

Balances as at 31 December with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<i>Trade accounts receivable</i>	<i>(in thousand Baht)</i>			
Subsidiaries				
All Coco Group Co., Ltd.	-	-	28	37
Associate				
Danone Sappe Beverages Co., Ltd.	16,515	40,046	16,515	40,046
Other related parties				
Italmarket Slovakia, a.s.	158	362	-	-
Total	16,673	40,408	16,543	40,083

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<i>Other current receivables</i>				
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sappe Europe s.r.o.	-	-	3,266	2,832
Sappe Trading (Shanghai) Co., Ltd.	-	-	10,006	10,005
Sappe Holding (Thailand) Co., Ltd.	-	-	-	833
Sappe Trading (Hong kong) Company Limited	-	-	376	306
All Coco Group Co., Ltd.	-	-	1,785	947
All Coco Co., Ltd.	-	-	127	46
Associate				
Danone Sappe Beverages Co., Ltd.	646	7,438	646	7,438
Other related parties				
Hayashi Products Co., Ltd.	11	30	11	30
	657	7,468	16,217	22,437
Less allowance for impairment	-	-	(13,948)	(13,369)
Net	657	7,468	2,269	9,068
Expected credit losses for the year ended 31 December	-	-	579	(1,079)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<i>Loans to</i>				
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sappe Europe s.r.o.	-	-	8,869	8,629
All Coco Group Co., Ltd.	-	-	3,060	3,060
All Coco Co., Ltd.	-	-	2,550	2,550
	-	-	14,479	14,239
Less allowance for expected credit loss	-	-	(8,869)	(8,629)
Net	-	-	5,610	5,610
Expected credit losses for the year ended 31 December	-	-	240	737

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<i>Other non-current assets</i>				
	<i>(in thousand Baht)</i>			
Other related parties				
Directors	1,167	1,167	1,167	1,167
Group of Persons Ruckariyapong	1,063	1,063	1,063	1,063
Total	2,230	2,230	2,230	2,230

	Consolidated financial statements		Separate financial statements	
<i>Trade accounts payable</i>	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Subsidiary				
All Coco Group Co., Ltd.	-	-	18,580	14,206
Associate				
Danone Sappe Beverages Co., Ltd.	29,119	68,116	29,119	68,116
Total	29,119	68,116	47,699	82,322

	Consolidated financial statements		Separate financial statements	
<i>Other current payable</i>	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Subsidiary				
All Coco Group Co., Ltd.	-	-	287	77
Other related parties				
Italmarket Slovakia, a.s.	705	627	-	-
Toyox Trading (Thailand) Co., Ltd.	2	11	2	11
Hose Center Company Limited	88	-	88	-
Director	134	48	-	-
Key management personnel	134	48	-	-
Total	1,063	734	377	88

	Consolidated financial statements		Separate financial statements	
<i>Lease liability</i>	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Other related parties	34,461	41,488	27,480	34,441
Total	34,461	41,488	27,480	34,441

	Consolidated financial statements		Separate financial statements	
<i>Loans from</i>	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Other related parties				
Italmarket Slovakia, a.s.	3,032	2,950	-	-
Director	3,642	3,617	-	-
Key management personnel	2,695	2,695	-	-
Other	91	90	-	-
Total	9,460	9,352	-	-

	Consolidated financial statements		Separate financial statements	
<i>Other non-current liability</i>	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Other related party				
Director	4,133	4,022	-	-

The memorandum of association of a subsidiary states that the subsidiary has to pay dividends from net profit of Euro 109,076.03 to a shareholder. The first gainer is a shareholder and then the rest of the profit will be allocated according to the proportion of the investment held. As of 31 December 2021, the management considered to recognise a provision following the regulations of the subsidiary of Baht 4.13 million (2020: Baht 4.02 million) under “Other non-current liabilities” in the consolidated financial statements.

Significant agreements with related parties

(a) Land lease agreement

The Company has a land lease agreement with related parties under which the parties agree that the Company has the right to lease the land for 20 years ended year 2033 and the Company is committed to pay an initial deposit and the monthly land lease. Each year the parties will add 3.33% of the latest monthly land lease. The term of this agreement is continued unless either party gives written notice at least 90 days prior to the effective date of termination. On 19 May 2014, the Company entered into an amendment memorandum to revise the above rate of land lease from 3.33% per year to 2% per year. However, after three years of this agreement, the Company has the option to purchase this land from the lessor at the average of the appraised values as determined by independent appraisers.

The Group has a land lease agreement with a related party under which the party agree that the Group has the right to lease the land for 30 years ended year 2046 and the Group is committed to pay the monthly land lease. Every 5 years the party will add 10% of the latest monthly land lease. The term of this agreement is continued unless either party gives written notice at least 90 days prior to the effective date of termination.

(b) Land and building lease agreement

The Company has a land and building lease agreement with a related party under which the parties agree that the Company has the right to lease the land and building for 3 years ended year 2022. In consideration thereof, the Company is committed to pay an initial deposit and the monthly land and building lease. Each year the parties will add 3% of the latest monthly land and building lease. The term of this agreement is continued until either party gives written notice at least 30 days prior to the effective date of termination.

(c) Co-packing agreement

The Company has a co-packing agreement with Danone Sappe Beverage Co., Ltd., an indirect associate, to produce health drinking product. The Company is responsible for procuring raw material and packaging and producing in accordance with the formula and the manufactured products specifications, any other prior written specification or instructions. This agreement shall be effective from 27 February 2019, and shall remain in full force and effect as long as the Group is a shareholder of Danone Sappe Beverage Co., Ltd. The parties are committed to pay service fee at the rate as stipulated in the agreement.

The Company has a production agreement with Social Lab Co., Ltd., which held by the directors' family to produce collagen supplements. The Company is responsible for procuring raw material and packaging and producing. This agreement is effective from 11 March 2021 to 15 March 2022. The parties are committed to pay service fees at the rates stipulated in the agreement.

(d) **Distribution agreement**

The Company has a distribution agreement with Danone Sappe Beverage Co., Ltd., an indirect associate, to distribute health drinking product. The term of this agreement shall be for an initial period of 5 years from 27 February 2019. The term of this agreement shall be renewed automatically and extended for successive further periods of 2 years each, unless either gives written notice no later than 6 months before the expiry date. The parties are committed to pay service fee at the rate as stipulated in the agreement.

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Cash on hand	53	44	-	-
Cash at banks	382,557	194,345	324,545	151,917
Total	382,610	194,389	324,545	151,917

7 Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<i>At 31 December</i>				
Within credit terms	181,058	259,648	173,761	257,632
Overdue				
Less than 3 months	147,612	172,262	137,616	160,478
3 - 6 months	10,191	3,444	5,906	496
6 - 12 months	2,121	188	1,220	131
More than 12 months	1,454	1,285	301	180
Total	342,436	436,827	318,804	418,917
Less allowance for expected credit loss	(1,850)	(1,239)	(24)	-
Net	340,586	435,588	318,780	418,917

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<i>Allowance for expected credit loss</i>				
At 1 January	1,239	1,560	-	257
Addition	611	-	24	-
Reversal	-	(321)	-	(257)
At 31 December	1,850	1,239	24	-

Information of credit risk is disclosed in note 27 (b.1).

8 Inventories

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Finished goods	131,951	94,420	101,450	58,525
Trading goods	4,868	10,787	5,699	10,311
Work in progress	9,687	8,390	4,089	5,408
Raw materials	53,869	42,002	53,344	41,633
Package and packing material	72,515	50,016	67,747	46,851
Spare parts, factory supplies and others	36,511	31,571	33,212	28,236
Goods in transit	-	990	-	990
Total	309,401	238,176	265,541	191,954
Less Allowance for decline in value	(1,940)	(2,985)	(1,940)	(2,985)
Allowance for slow moving	(16,743)	(14,125)	(16,462)	(13,459)
Net	290,718	221,066	247,139	175,510
Inventories recognised in ‘cost of sales of goods’:				
- Cost	2,087,169	2,056,385	1,863,683	1,843,936
- Write-down to net realisable value	(1,045)	1,364	(1,045)	1,364
- Write-down	3,003	9,483	3,003	9,483
Net	2,089,127	2,067,232	1,865,641	1,854,783

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Consolidated financial statements

Type of business	Ownership interest (%)		Paid-up capital		Cost (in thousand Baht)		At equity method	
	2021	2020	2021	2020	2021	2020	2021	2020
Indirect associates								
Danone Sappé Beverages Co., Ltd.	25.0	25.0	300,000	200,000	75,000	50,000	18,712	14,189
M Intelligence Co., Ltd.	16.2	-	4,947	-	70,000	-	70,243	-
Total					145,000	50,000	88,955	14,189

An indirect associate was incorporated in Thailand.

None of the Group's associates are publicly listed and consequently do not have published price quotations.

***Material movement for the year
ended 31 December***

**Consolidated financial
statements**

	2021	2020
	<i>(in thousand Baht)</i>	
Acquire investment in M Intelligence Co., Ltd.	70,000	-
Increase capital of Danone Sappe Beverages Co., Ltd	25,000	-

In February 2021, Danone Sappe Beverages Co., Ltd. increased its registered share capital from Baht 200 million to Baht 300 million by issuing share capital to Baht 100 million (1,000,000 shares at Baht 100 per share). Sappe Holding (Thailand) Co., Ltd., a subsidiary has paid-up share capital amounting to Baht 25 million. The percentage of holding interest of the Group remains unchanged. Danone Sappe Beverages Co., Ltd. registered the increase of share capital with the Ministry of Commerce on 25 February 2021.

On 13 December 2021, the Group purchased share of M Intelligence Co., Ltd. by acquiring 16.21 percent shareholding interest or 116,667 shares (Baht 10 par value) at Baht 600 per shares amounting to Baht 70,000,200. M Intelligence Co., Ltd. was accounted as an associate of the Group.

Material Associate

The following table summarises the financial information of the material associate as included in their own financial statements, adjusted for fair value adjustment at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

Danone Sappe Beverages Co., Ltd.

	2021	2020
	<i>(in thousand Baht)</i>	
Revenue	156,529	230,887
Profit (loss) from continuing operations	<u>(81,781)</u>	<u>(58,782)</u>
Total comprehensive income (100%)	<u>(81,781)</u>	<u>(58,782)</u>
Total comprehensive income of the Group's interest	(20,445)	(14,695)
Elimination of unrealised profit on downstream sales and upstream purchase	<u>(32)</u>	<u>(860)</u>
Group's share of total comprehensive income	<u>(20,477)</u>	<u>(15,555)</u>
Current assets	150,474	170,617
Non-current assets	107	150
Current liabilities	<u>(70,118)</u>	<u>(108,523)</u>
Net assets (100%)	<u>80,463</u>	<u>62,244</u>
Group's share of net assets	20,116	15,561
Elimination of unrealised profit on downstream sales and upstream purchase	<u>(1,404)</u>	<u>(1,372)</u>
Carrying amount of interest in associate	<u>18,712</u>	<u>14,189</u>

Immaterial Associates

The following is summarized financial information for the Group's interest in immaterial associates based on the amounts reported in the Group's consolidated financial statements:

	M Intelligence Co., Ltd.	
	2021	2020
	<i>(in thousand Baht)</i>	
Carrying amount of interests in immaterial associates	70,000	-
Group's share of:		
- Profit from continuing operations	243	-
- Total comprehensive income	243	-

10 Investments in subsidiaries

	Ownership interest	Paid-up capital	Separate financial statements				
			2021		2020		At cost - net
			2021	2020	2021	2020	
	(%)	2021	2020	2021	2020	2021	2020
					(in thousand Baht)		
Direct subsidiaries							
Sappe Europe s.r.o.	60	EUR 6,639	162	162	-	162	162
Sappe Holding (Thailand) Co., Ltd.	100	Baht 390 million	390,000	290,000	-	390,000	290,000
Total			390,162	290,162	-	390,162	290,162
Indirect subsidiaries							
Sappe Trading (Hong Kong) Company Limited	100	HKD 100,000	454	454	(454)	-	-
Sappe Hong Kong Company Limited	100	HKD 3,000,000	13,980	13,980	(13,980)	-	-
Sappe Trading (Shanghai) Co., Ltd.	100	CNY 2,000,000	10,173	10,173	(10,173)	-	-
All Coco Group Co., Ltd.	51	Baht 168 million	196,350	196,350	-	196,350	196,350
Total			220,957	220,957	(24,607)	196,350	196,350

<i>Material movement for the year ended 31 December</i>	Separate financial statements	
	2021	2020
	<i>(in thousand Baht)</i>	
Increase capital of Sappe Holding (Thailand) Co., Ltd.	100,000	-

By acquiring shares in All Coco Group Co., Ltd. for the first time in 2016, the Group has the right to purchase additional shares in the maximum portion of 9% after 4 years from the effective date of the first sales and purchase of shares agreement, at the fair value.

In 2016, the Group sold its entire interest in PT. Sappe Indonesia, a subsidiary, of 2,550 shares or 51 percent equity ownership in PT. Sappe Indonesia. The Group has an option to repurchase 51 percent of PT. Sappe Indonesia issued and paid-up share capital. The option can be exercised within three years but no later than five years after the disposal date. The repurchase price will be Baht 82.03 million. In the case that PT. Sappe Indonesia increase its share capital, the repurchase price will be determined by financial due diligence performed by an independence financial advisor. As at 31 December 2021, the option to repurchase are expired which the Group does not exercise this option.

In January 2021, Sappe Holding (Thailand) Co., Ltd., increased its registered share capital from Baht 290 million to Baht 320 million (32,000,000 shares, at the price of Baht 10 per share) by issuing authorised share capital of Sappe Holding (Thailand) Co., Ltd. by Baht 30 million (3,000,000 shares, at the price of Baht 10 per share). The Company made a payment for Baht 30 million. Sappe Holding (Thailand) Co., Ltd. registered the increase of share capital with the Ministry of Commerce on 8 January 2021.

In December 2021, Sappe Holding (Thailand) Co., Ltd., increased its registered share capital from Baht 320 million to Baht 390 million (39,000,000 shares, at the price of Baht 10 per share) by issuing authorised share capital of Sappe Holding (Thailand) Co., Ltd. by Baht 70 million (7,000,000 shares, at the price of Baht 10 per share). The Company made a payment for Baht 70 million. Sappe Holding (Thailand) Co., Ltd. registered the increase of share capital with the Ministry of Commerce on 1 December 2021.

Giving consideration of the current operation at overseas subsidiaries, the Group has provided allowance for impairment loss totaling Baht 24.61 million during the year ended 31 December 2021 (2020: Baht 24.61 million).

11 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group elimination:

	All Coco Group Co., Ltd.	
	2021	2020
	<i>(in thousand Baht)</i>	
Non-controlling interest percentage	49%	49%
Current assets	115,942	111,776
Non-current assets	143,737	170,995
Current liabilities	(39,863)	(49,263)
Non-current liabilities	(10,332)	(15,506)
Net assets	209,484	218,002
Carrying amount of non-controlling interest	102,647	106,821
Revenue	321,340	316,792
Profit	42	12,900
Total comprehensive income	42	12,900
Profit (loss) allocated to non-controlling interest	21	6,321

12 Property, plant and equipment

<i>Cost</i>							
At 1 January 2020	139,603	464,166	1,230,393	106,102	56,453	65,694	2,062,411
Additions	363	392	15,855	2,362	3,593	57,874	80,439
Transfer	6,805	7,632	32,538	9,312	-	(56,287)	-
Disposals	-	-	(1,951)	(3,774)	(6,073)	-	(11,798)
Effect of movements in exchange rates	-	-	914	(107)	151	-	958
At 31 December 2020 and 1 January 2021	146,771	472,190	1,277,749	113,895	54,124	67,281	2,132,010
Additions	92	456	54,467	3,934	2,996	78,910	140,855
Transfer	6,746	4,918	88,047	3,367	3,195	(106,273)	-
Disposals	-	-	(663)	(1,994)	(2,749)	-	(5,406)
Effect of movements in exchange rates	-	-	259	11	48	-	318
At 31 December 2021	153,609	477,564	1,419,859	119,213	57,614	39,918	2,267,777
<i>Depreciation and impairment losses</i>							
At 1 January 2020	23,671	177,722	636,957	77,058	39,481	1,434	956,323
Depreciation for the year	3,644	29,398	128,269	10,728	6,763	-	178,802
Disposals	-	-	(1,650)	(2,392)	(6,071)	-	(10,113)
Effect of movements in exchange rates	-	-	669	(13)	121	-	777
At 31 December 2020 and 1 January 2021	27,315	207,120	764,245	85,381	40,294	1,434	1,125,789
Depreciation for the year	3,382	28,167	147,518	10,363	5,974	-	195,404
Disposals	-	-	(463)	(1,756)	(2,748)	-	(4,967)
Effect of movements in exchange rates	-	-	221	9	47	-	277
At 31 December 2021	30,697	235,287	911,521	93,997	43,567	1,434	1,316,503

	Separate financial statements						
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Asset under construction and installation	Total
Cost							
At 1 January 2020	131,388	389,218	1,179,452	99,842	55,536	62,117	1,917,553
Additions	363	145	13,670	2,003	3,593	50,284	70,058
Transfer	6,806	7,619	22,144	9,013	-	(45,582)	-
Disposals	-	-	(747)	(1,726)	(5,568)	-	(8,041)
At 31 December 2020 and 1 January 2021	138,557	396,982	1,214,519	109,132	53,561	66,819	1,979,570
Additions	-	420	9,734	3,503	2,996	76,909	93,562
Transfer	6,745	4,915	86,261	3,367	3,195	(104,483)	-
Disposals	-	-	(352)	(1,572)	(2,749)	-	(4,673)
At 31 December 2021	145,302	402,317	1,310,162	114,430	57,003	39,245	2,068,459
Depreciation and impairment losses							
At 1 January 2020	23,012	167,266	637,749	75,665	39,421	1,434	944,547
Depreciation for the year	3,474	24,006	118,782	9,268	6,285	-	161,815
Disposals	-	-	(746)	(1,718)	(5,568)	-	(8,032)
At 31 December 2020 and 1 January 2021	26,486	191,272	755,785	83,215	40,138	1,434	1,098,330
Depreciation for the year	3,211	22,897	117,058	9,306	5,690	-	158,162
Disposals	-	-	(350)	(1,566)	(2,748)	-	(4,664)
At 31 December 2021	29,697	214,169	872,493	90,955	43,080	1,434	1,251,828
Net book value							
At 31 December 2020	112,071	205,710	458,734	25,917	13,423	65,385	881,240
At 31 December 2021	115,605	188,148	437,669	23,475	13,923	37,811	816,631

The gross amount of the Group and Company's fully depreciated land improvement, plant and equipment that was still in use as at 31 December 2021 amounted to Baht 401.67 million and Baht 384.86 million, respectively (2020: Baht 297.40 million and Baht 282.96 million).

13 Leases

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<i>Right-of-use assets at 31 December</i>				
		(in thousand Baht)		
Buildings	54,965	72,271	47,224	63,124
Machinery	-	24,418	-	-
Vehicles	-	74	-	-
Total	54,965	96,763	47,224	63,124

In 2021, no addition to the right-of-use assets of the Group and the Company. (2020: Baht 110.15 million and Baht 75.17 million, respectively)

The Group leases a number of building and plants for 3-20 years, with extension options at the end of lease term. The rental is payable monthly as specified in the contract.

Extension options

The Group has extension options on leases exercisable before the end of the contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and will regularly reassess so.

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<i>Year ended 31 December</i>				
		(in thousand Baht)		
<i>Amounts recognised in profit or loss</i>				
Depreciation of right-of-use assets:				
- Buildings	12,168	13,452	10,762	12,046
- Machinery	-	2,710	-	-
- Vehicles	-	428	-	-
Interest on lease liabilities	2,143	2,813	1,768	2,098
Expenses relating to short-term leases	1,202	10,666	-	6,304

In 2021, total cash outflow for leases of the Group and the Company were Baht 14.39 million and Baht 12.06 million, respectively. (2020: Baht 21.39 million and Baht 13.21 million, respectively)

14 Goodwill

	Consolidated financial statements	
	2021	2020
		(in million Baht)
<i>Cost</i>		
At 1 January	90,899	90,899
At 31 December	90,899	90,899
<i>Net book value</i>		
At 31 December	90,899	90,899

Impairment testing for CGU containing goodwill

The recoverable amount of this CGU was based on its value in use, measured by discounting the future cash flows to be generated from the continuing operations of All Coco Group Co., Ltd., which the carrying amount of the CGU was determined to be lower than its recoverable amount therefore no impairment losses to be recognised as of 31 December 2021 and 2020.

Key assumptions used in the estimation of value in use	Consolidated financial statements	
	2021	2020
	(%)	
Discount rate	5.1	4.4
Terminal value growth rate	0.0	0.0

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next five years, in line with information obtained from external brokers who publish a statistical analysis of long-term market trends.

15 Intangible assets other than goodwill

	Consolidated financial statements			
	Software licences	Trademarks and Copyrights	Product design	Total
	<i>(in thousand Baht)</i>			
Cost				
At 1 January 2020	38,647	54,322	1,896	94,865
Additions	369	243	-	612
Disposals	-	(71)	-	(71)
Effect of movements in exchange rates	85	-	-	85
At 31 December 2020 and 1 January 2021	39,101	54,494	1,896	95,491
Additions	92	1,970	-	2,062
Disposals	-	-	(168)	(168)
Effect of movements in exchange rates	19	-	-	19
At 31 December 2021	39,212	56,464	1,728	97,404
Amortisation				
At 1 January 2020	25,103	13,405	295	38,803
Amortisation for the year	1,343	5,208	100	6,651
Effect of movements in exchange rates	85	-	-	85
At 31 December 2020 and 1 January 2021	26,531	18,613	395	45,539
Amortisation for the year	2,332	6,068	100	8,500
Effect of movements in exchange rates	19	-	-	19
At 31 December 2021	28,882	24,681	495	54,058

Consolidated financial statements				
	Software licences	Trademarks and Copyrights (in thousand Baht)	Product design	Total
Net book value				
At 31 December 2020	<u>12,570</u>	<u>35,881</u>	<u>1,501</u>	<u>49,952</u>
At 31 December 2021	<u>10,330</u>	<u>31,783</u>	<u>1,233</u>	<u>43,346</u>
Separate financial statements				
	Software licences	Trademarks and Copyrights (in thousand Baht)	Product design	Total
Cost				
At 1 January 2020	29,609	53,176	1,560	84,345
Additions	153	243	-	396
Disposals	-	(71)	-	(71)
At 31 December 2020 and 1 January 2021	<u>29,762</u>	<u>53,348</u>	<u>1,560</u>	<u>84,670</u>
Additions	54	1,968	-	2,022
At 31 December 2021	<u>29,816</u>	<u>55,316</u>	<u>1,560</u>	<u>86,692</u>
Amortisation				
At 1 January 2020	24,153	13,379	295	37,827
Amortisation for the year	1,224	5,180	100	6,504
At 31 December 2020 and 1 January 2021	<u>25,377</u>	<u>18,559</u>	<u>395</u>	<u>44,331</u>
Amortisation for the year	1,341	6,039	100	7,480
At 31 December 2021	<u>26,718</u>	<u>24,598</u>	<u>495</u>	<u>51,811</u>
Net book value				
At 31 December 2020	<u>4,385</u>	<u>34,789</u>	<u>1,165</u>	<u>40,339</u>
At 31 December 2021	<u>3,098</u>	<u>30,718</u>	<u>1,065</u>	<u>34,881</u>

16 Other current payables

		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
Other payables - related parties	5	795	638	377	88
Accrued interest expense - related parties	5	268	96	-	-
Accrued expenses		139,280	106,585	130,484	105,960
Accrued promotional expense		126,003	139,911	125,675	131,308
Advance received for goods		111,818	28,243	110,810	26,641
Other payables - other parties		97,205	78,773	87,874	69,567
Other advance received		10,673	-	10,673	-
Others		9,052	5,755	2,751	1,645
Total		<u>495,094</u>	<u>360,001</u>	<u>468,644</u>	<u>335,209</u>

17 Non-current provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
<i>At 31 December</i>	2021	2020	2021	2020
		(in thousand Baht)		
Post-employment benefits	33,756	25,164	32,749	24,572
Other long-term employee benefits	2,855	2,449	2,855	2,449
Total	36,611	27,613	35,604	27,021

Defined benefit plan

The Group and the Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E.2541 (1998) to provide requirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

Present value of the defined benefit obligations

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
		(in thousand Baht)		
At 1 January	27,613	20,303	27,021	19,955
Recognised in profit or loss:				
Current service cost	8,913	7,242	8,508	7,008
Interest on obligation	680	508	670	498
Benefit paid	(595)	(440)	(595)	(440)
At 31 December	36,611	27,613	35,604	27,021

Other long-term employee benefit

Other long-term employee benefit was based on the length of service of employees and actuarial assumptions as basis to calculate the obligations.

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
		(%)		
Discount rate	2.49 - 2.93	2.49 - 2.93	2.49	2.49
Future salary growth	5	5	5	5
Employee turnover	0 - 40	0 - 40	0 - 40	0 - 40

Assumptions regarding future mortality have been based on published statistics and mortality tables.

As at 31 December 2021, the weighted-average duration of the defined benefit obligation was 23.85 - 30.28 years (2020: 23.85 - 30.28 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

<i>Effect to the defined benefit obligation At 31 December</i>	Consolidated financial statements			
	1% increase in assumption		1% decrease in assumption	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Discount rate	(4,167)	(3,294)	4,885	3,886
Future salary growth	5,356	3,938	(4,588)	(3,379)
Employee turnover	(4,586)	(3,640)	2,012	1,715
Future mortality	234	183	(232)	(181)

<i>Effect to the defined benefit obligation At 31 December</i>	Separate financial statements			
	1% increase in assumption		1% decrease in assumption	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Discount rate	(4,070)	(3,230)	4,773	3,810
Future salary growth	5,219	3,853	(4,469)	(3,306)
Employee turnover	(4,477)	(3,567)	1,972	1,687
Future mortality	228	179	(226)	(178)

18 Share capital

	Par value per share (in Baht)	2021		2020	
		Number	Baht	Number	Baht
		<i>(thousand shares / thousand Baht)</i>			
Authorised shares at 31 December	1	<u>308,438</u>	<u>308,438</u>	<u>308,438</u>	<u>308,438</u>
<i>Issued and paid-up shares</i>					
At 1 January					
- ordinary shares	1	304,378	304,378	304,378	304,378
Shares options exercised (Note 19)	1	<u>1,709</u>	<u>1,709</u>	<u>-</u>	<u>-</u>
At 31 December					
- ordinary shares	1	<u>306,087</u>	<u>306,087</u>	<u>304,378</u>	<u>304,378</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

19 Warrants

At the annual general shareholders' meeting of the Company held on 26 April 2018, the shareholders passed resolutions to approve the issuance of 4,070,000 units of warrants with a term of 4 years ("Warrant" or "SAPPE-WA2") to qualifying management and employees of the Company. The warrants will be granted on the last working day of June and December of each year. The first exercise date is 12 months after issuing the warrants and the holders must have complied with all terms of the exercising right.

The warrants have been allocated to the management (including directors) and employees of the Company. The exercise ratio is 1 warrant per 1 new ordinary share, and the exercise price is Baht 20.56 per share (unless the adjustment of the exercising right). The terms of the exercise and the fair value of the share options has the detail as follow:

Description	Details
Type of warrants	Warrants to purchase ordinary shares of Sappe Public Company Limited issued to the management (including the executive directors) and employees of the Company at the second time (SAPPE-WA2), specification of the holder's name and non-transferable unless the transfer of inheritance or transfer to heirs or representatives by law.
Issue and sell quantities	4,070,000 units
Terms of warrants	4 years from the issuance date of warrant
Exercise ratio	1 warrant to 1 ordinary share unless there is a change in exercise ratio under the change conditions.
Exercise price	Baht 20.56 per share

Exercise period and proportion

The holders of SAPPE-WA2 can exercise the warrants to purchase ordinary shares of the Company after holding it for the specified period. The first exercise date is 12 months after issuing the warrants. The details are as follows:

The period of holding the warrants (month) after issuance	The right that can be exercised as a percentage of the warrants received
12	20%
18	30%
24	40%
30	55%
36	70%
42	100%

Fair value of warrants

Baht 6.9 - 8.3

The purchasing condition requires that the employees must have employee status on each date of exercising the right.

The fair value of the warrant is measured using a Black-Scholes Model with the following financial assumptions:

Grant date share price (Baht)	26.00
Exercise price warrant (Baht)	20.56
Historical volatility in 3 years and 3 months at the allotment date (% per semi-annual)	35.00
Historical dividend yield (%)	2.60
Risk free interest rate at the allotment date (%)	1.18 - 1.85

Expenses for share-based payment transactions in the consolidated and separate financial statements for the year ended 31 December 2021 were Baht 3.55 million (2020: Baht 6.87 million).

Movements during the years ended 31 December of warrants were as follows:

	Consolidated / Separate financial statements			
	2021		2020	
	Average exercise price per share (Baht)	Option shares (in thousand shares)	Average exercise price per share (Baht)	Option shares (in thousand shares)
At 1 January	7.72	4,060	7.72	4,060
Exercise	7.21	(1,709)	-	-
At 31 December	8.09	2,351	7.72	4,060

20 Legal reserves

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

21 Segment information and disaggregation of revenue

(a) Segment information

Management determined that the Group has 2 reportable segments, as described below, which are the strategic divisions for different products and are managed separately because they require different technology. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment 1	Health drinking products
Segment 2	Coconut products

Each segment's performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Year ended 31 December

Information about reportable segments

	Health drinking products	Coconut products	Other segments	Total	Eliminate	Net
	2021	2020	2021	2020	2021	2020
External revenues	3,181,557	2,991,547	35,056	21,072	-	3,444,160
Inter-segment revenue	66	331	-	-	(89,042)	-
Total revenue	3,181,623	2,991,878	35,056	21,072	(89,042)	3,444,160

(in thousand Bahr)

Disaggregation of revenue

Primary geographical markets

	Health drinking products	Coconut products	Other segments	Total	Eliminate	Net
	2021	2020	2021	2020	2021	2020
Thailand	1,023,022	1,283,233	-	1,298,901	(89,042)	1,209,859
Indonesia and Philippines	704,926	667,788	-	704,926	-	704,926
Korea	333,985	247,274	-	333,985	-	333,985
Others	1,119,690	793,583	35,056	1,195,390	(269)	1,195,390
Total revenue	3,181,623	2,991,878	35,056	3,327,814	(59,730)	3,268,084

Major products

	Health drinking products	Coconut products	Other segments	Total	Eliminate	Net
	2021	2020	2021	2020	2021	2020
Drinks	2,734,348	2,482,362	35,056	21,072	(46,816)	2,971,926
Others	447,275	509,516	-	-	(42,226)	472,234
Total revenue	3,181,623	2,991,878	35,056	21,072	(89,042)	3,444,160

Share of profit (loss) of investments in associates

	(20,477)	-	243	-	-	(15,555)
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Segment profit (loss) before income tax

	510,966	465,553	4,625	1,375	(104)	516,215
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	1,753	5,226	-	-	(536)	1,217
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	176,406	180,365	543	938	-	197,878
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	105,273	94,473	21	17	-	105,980
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	18,712	14,189	70,243	-	-	88,955
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	3,783,682	3,546,783	226,126	143,881	(421,085)	3,848,401
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	797,915	715,406	46,307	43,098	(52,486)	841,930
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<i>Year ended 31 December</i>	Separate financial statements	
	Reportable segments	
	2021	2020
	<i>(in thousand Baht)</i>	
Disaggregation of revenue		
Primary geographical markets		
Thailand	1,023,022	1,283,233
Indonesia and Philippines	704,926	667,788
Korea	333,985	247,274
Others	1,119,690	793,583
Total revenue	3,181,623	2,991,878
Major products		
Drinks	2,734,348	2,482,362
Others	447,275	509,516
Total revenue	3,181,623	2,991,878

(b) *Geographical segments*

In presenting information on the geographical revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

Geographical information	Consolidated financial statements			
	Revenues		Non-current assets	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Thailand	1,209,859	1,513,898	1,323,763	1,284,323
Indonesia and Philippines	704,926	667,788	-	-
Korea	333,985	247,274	-	-
Others	1,195,390	839,124	945	1,520
Total	3,444,160	3,268,084	1,324,708	1,285,843

(c) *Major customer*

Revenues from 2 major customers of the Group's represent approximately Baht 705 million (2020: 2 customers approximately Baht 668 million) of the Group's total revenues.

22 Other income

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Freight income	232,619	17,710	232,430	17,660
Interest income	1,251	4,728	1,753	5,226
Revenue from scrap sales	310	1,364	284	1,339
Other	34,426	29,047	29,891	25,973
Total	268,606	52,849	264,358	50,198

23 Expenses by nature

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2021	2020	2021	2020
		(in thousand Baht)			
Changes in inventories of finished goods and work in progress		(3,475)	(4,527)	(41,605)	(1,369)
Raw materials and consumables used		1,523,814	1,430,010	1,408,738	1,283,405
Employee benefit expenses		420,494	429,248	386,375	371,425
Transportation expenses		356,274	110,359	351,309	105,682
Sale promotion expenses		328,545	250,783	316,190	246,530
Depreciation and amortisation expenses	12, 13, 15	197,878	202,165	176,406	180,365
Utilities expenses		80,977	81,667	66,192	67,270
Wages		65,662	134,717	65,662	134,717
Others		197,096	182,653	168,487	163,154
Total cost of sales of goods, distribution costs and administrative expenses		3,167,265	2,817,075	2,897,754	2,551,179

During the year 2021, the Group and the Company has contributed provident fund for its employees amounting to Baht 6.23 million and Baht 5.99 million, respectively (2020: Baht 5.84 million and Baht 5.57 million, respectively), which included in employee benefit expenses.

24 Income tax

<i>Income tax recognised in profit or loss</i>	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<i>(in thousand Baht)</i>				
Current tax expense				
Current year	107,394	96,934	106,739	95,933
	107,394	96,934	106,739	95,933
Deferred tax expense				
Movement in temporary differences	(1,414)	(968)	(1,466)	(1,460)
Total income tax expense	105,980	95,966	105,273	94,473

<i>Reconciliation of effectively tax rate</i>	Consolidated financial statements			
		2021		2020
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax		516,215		481,917
Income tax using the Thai corporation tax rate	20	103,243	20	96,383
Effect of different tax rates in foreign jurisdictions		(248)		(1,354)
Income not subject to tax		4,047		3,111
Additional expenses deductible		(3,968)		(5,614)
Expenses not deductible for tax purposes		2,906		3,440
Total	21	105,980	20	95,966

Reconciliation of effectively tax rate

	Separate financial statements			
	2021		2020	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax		531,443		481,108
Income tax using the Thai corporation tax rate	20	106,289	20	96,222
Additional expenses deductible		(3,456)		(4,515)
Expenses not deductible for tax purposes		2,440		2,766
Total	20	105,273	20	94,473

**Deferred tax
At 31 December**

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
		(in thousand Baht)		
Deferred tax assets	20,527	18,809	19,887	18,288
Deferred tax liabilities	(3,714)	(3,410)	(210)	(77)
Net	16,813	15,399	19,677	18,211

Deferred tax

	Consolidated financial statements		
	At 1 January 2021	(Charged) / Credited to Profit or loss (in thousand Baht)	At 31 December 2021
Deferred tax assets			
Investment in debt instruments	-	49	49
Trade accounts receivable	248	122	370
Other current receivables	2,981	125	3,106
Short-term loans to related parties	1,726	48	1,774
Inventories	3,422	315	3,737
Property, plant and equipment	3,512	(933)	2,579
Right-of-use assets	1,089	3,180	4,269
Lease liabilities	-	(3,104)	(3,104)
Provisions for employee benefit	5,522	1,800	7,322
Other current payables	309	116	425
Total	18,809	1,718	20,527
Deferred tax liabilities			
Property, plant and equipment	(1,655)	(81)	(1,736)
Lease liabilities	(1,678)	(90)	(1,768)
Derivatives	(77)	(133)	(210)
Total	(3,410)	(304)	(3,714)
Net	15,399	1,414	16,813

Consolidated financial statements

	At 1 January 2020	Impact on changes in accounting policies	At 1 January 2020 (Restated) (in thousand Baht)	(Charged) / Credit to Profit or loss	At 31 December 2020
Deferred tax					
Deferred tax assets					
Trade accounts receivable	271	41	312	(64)	248
Other current receivables	2,736	670	3,406	(425)	2,981
Short-term loans to related parties	1,578	-	1,578	148	1,726
Inventories	1,265	-	1,265	2,157	3,422
Property, plant and equipment	4,446	-	4,446	(934)	3,512
Right-of-use assets	-	901	901	188	1,089
Provisions for employee benefit	4,060	-	4,060	1,462	5,522
Other current payables	1,528	-	1,528	(1,219)	309
Total	15,884	1,612	17,496	1,313	18,809
Deferred tax liabilities					
Property, plant and equipment	(1,908)	-	(1,908)	253	(1,655)
Lease liabilities	(1,076)	181	(895)	(783)	(1,678)
Derivatives	(514)	253	(261)	184	(77)
Total	(3,498)	434	(3,064)	(346)	(3,410)
Net	12,386	2,046	14,432	967	15,399

Separate financial statements

	At 1 January 2021	(Charged) / Credit to Profit or loss (in thousand Baht)	At 31 December 2021
Deferred tax			
Deferred tax assets			
Investment in debt instruments	-	49	49
Trade accounts receivable	-	5	5
Other current receivables	2,981	116	3,097
Short-term loans to related parties	1,726	48	1,774
Inventories	3,289	392	3,681
Property, plant and equipment	3,512	(933)	2,579
Right-of-use assets	1,089	76	1,165
Provisions for employee benefit	5,404	1,716	7,120
Other current payables	287	130	417
Total	18,288	1,599	19,887
Deferred tax liabilities			
Derivatives	(77)	(133)	(210)
Total	(77)	(133)	(210)
Net	18,211	1,466	19,677

	Separate financial statements				
	At 1 January 2020	Impact on changes in accounting policies	At 1 January 2020 (Restated) (in thousand Baht)	(Charged) / Credit to Profit or loss	At 31 December 2020
Deferred tax					
Deferred tax assets					
Trade accounts receivable	46	6	52	(52)	-
Other current receivables	2,736	670	3,406	(425)	2,981
Short-term loans to related parties	1,578	-	1,578	148	1,726
Inventories	1,118	-	1,118	2,171	3,289
Property, plant and equipment	4,446	-	4,446	(934)	3,512
Right-of-use assets	-	901	901	188	1,089
Provisions for employee benefit	3,991	-	3,991	1,413	5,404
Other current payables	1,520	-	1,520	(1,233)	287
Total	15,435	1,577	17,012	1,276	18,288
Deferred tax liabilities					
Derivatives	(514)	253	(261)	184	(77)
Total	(514)	253	(261)	184	(77)
Net	14,921	1,830	16,751	1,460	18,211

The Company has not recognised deferred tax liabilities arising from temporary differences on currency translation difference of the subsidiaries' financial statements because the Company does not intend to dispose of investments in the subsidiaries in the foreseeable future.

During 2021, The Group's subsidiaries, Sappe Holding (Thailand) Co., Ltd, All Coco Group Co., Ltd. and Sappe Hong Kong Co., Ltd. have not recognised deferred tax assets arising from temporary differences on investment in subsidiaries totalling Baht 2.9 million, Baht 3.0 million and Baht 2.0 million, respectively (2020: Baht 2.9 million, Baht 3.0 million and Baht 2.0 million) because the Company have cumulative tax losses.

25 Earnings per share

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders				
Profit attributable to ordinary shareholders of the Company (basic)	<u>410,814</u>	<u>380,161</u>	<u>426,170</u>	<u>386,636</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>410,814</u>	<u>380,161</u>	<u>426,170</u>	<u>386,636</u>
Ordinary shares outstanding				
Number of ordinary shares outstanding at 1 January	304,378	304,378	304,378	304,378
Effect of shares options exercised	<u>861</u>	<u>-</u>	<u>861</u>	<u>-</u>
Weighted average number of ordinary shares outstanding (basic) at 31 December	<u>305,239</u>	<u>304,378</u>	<u>305,239</u>	<u>304,378</u>
Effect of exercise of shares options	<u>469</u>	<u>-</u>	<u>469</u>	<u>-</u>
Weighted average number of ordinary shares outstanding (diluted) at 31 December	<u>305,708</u>	<u>304,378</u>	<u>305,708</u>	<u>304,378</u>
Earnings per share (basic) <i>(in Baht)</i>	<u>1.35</u>	<u>1.25</u>	<u>1.40</u>	<u>1.27</u>
Earnings per share (dilute) <i>(in Baht)</i>	<u>1.34</u>	<u>1.25</u>	<u>1.39</u>	<u>1.27</u>

26 Dividends

	Approval date	Payment schedule	Dividend rate per share <i>(in Baht)</i>	Amount <i>(in thousand Baht)</i>
2021				
2020 Annual dividend	29 April 2021	27 May 2021	<u>1.02</u>	<u>310,463</u>
2020				
2020 Interim dividend	26 March 2020	24 April 2020	<u>0.83</u>	<u>252,567</u>

27 Financial instruments

(a) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

		Consolidated financial statements						
		Carrying amount		Fair value				
		Financial instruments measured at FVTPL	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
	Note				(in thousand Baht)			
At 31 December 2021								
Financial assets								
Other financial assets								
Investment in debt instruments								
		1,371,106	66,752	1,437,858	66,995	1,371,106	-	1,438,101
Total other financial assets		<u>1,371,106</u>	<u>66,752</u>	<u>1,437,858</u>				
Financial liabilities								
Loans from related parties		-	(9,460)	(9,460)	-	(9,460)	-	(9,460)
Derivatives liabilities		(436)	-	(436)	-	(436)	-	(436)
2020								
Financial assets								
Other financial assets								
Investment in debt instruments								
		1,415,102	-	1,415,102	-	1,415,102	-	1,415,102
Derivatives assets		3,536	-	3,536	-	3,536	-	3,536
Total other financial assets		<u>1,418,638</u>	<u>-</u>	<u>1,418,638</u>				
Financial liabilities								
Loans from financial institutions								
		-	(31)	(31)	-	(31)	-	(31)
Loans from related parties		-	(9,352)	(9,352)	-	(9,352)	-	(9,352)

	Note	Carrying amount		Separate financial statements			Fair value
		Financial instruments measured at FVTPL	Financial instruments measured at amortised cost	Total	(in thousand Baht)		
					Level 1	Level 2	
At 31 December							Total
2021							
Financial assets							
Loans to related parties	5	-	5,610	5,610	-	5,610	5,610
Other financial assets							
Investment in debt instruments		1,371,106	66,752	1,437,858	66,995	1,371,106	1,438,101
Total other financial assets		<u>1,371,106</u>	<u>66,752</u>	<u>1,437,858</u>			
Financial liabilities							
Derivatives liabilities		(436)	-	(436)	-	(436)	(436)
2020							
Financial assets							
Loans to related parties	5	-	5,610	5,610	-	5,610	5,610
Other financial assets							
Investment in debt instruments		1,415,102	-	1,415,102	-	1,415,102	1,415,102
Derivatives assets		3,536	-	3,536	-	3,536	3,536
Total other financial assets		<u>1,418,638</u>	<u>-</u>	<u>1,418,638</u>			

The following tables present valuation technique of financial instruments measured at fair value in the statements of financial position.

Type	Valuation technique
Forward exchange contracts	<i>Forward pricing:</i> The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.
Derivatives	Market value / Derived by using a valuation technique incorporating observable market data which is adjusted with counterparty credit risk (excluding the Group's credit risk) and other risks to reflect true economic value.

The fair value of investment in debt securities and financial liabilities measured at amortised costs are calculated by discounted cash flows technique.

(b) *Financial risk management policies*

Risk management framework.

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(b.1) *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

(b.1.1) *Trade accounts receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Detail of concentration of revenue are included in note 21 (b) and 21 (c).

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's commercial terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the authorized person.

The Group limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of 3 months. Outstanding trade receivables are regularly monitored by the Group. An impairment analysis is performed by the Group at each reporting date. The provision rates of expected credit loss are based on days past due for individual trade receivables to reflect differences between economic conditions in the past, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Information relevant to trade accounts receivables are disclosed in note 7.

(b.1.2) Investment in debt securities

The Group considers that all debt investments measured at amortised cost have low credit risk. Then the credit loss allowance assessed during the year was therefore limited to 12 months expected losses or 'low credit risk'. Marketable bonds are considered to be an investment grade credit rating published by external credit rating agencies.

The Group monitors changes in credit risk by tracking published external credit ratings. To assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields and, where available, credit default swap (CDS) prices together with available press and regulatory information about debtors.

(b.1.3) Cash and cash equivalent and derivatives

The Group's exposure to credit risk arising from cash and cash equivalents and derivative assets is limited because the counterparties are banks and financial institutions which the Group considers to have low credit risk.

(b.2) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following table are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

Consolidated financial statements

Contractual cash flows

More than

1 year but

less than 5

years

More than

5 years

Total

At 31 December

Carrying
amount

1 year
or less

(in thousand Baht)

2021

Non-derivative financial liabilities

Bank overdraft	1,888	1,888	-	-	1,888
Trade payables	180,815	180,815	-	-	180,815
Loan from related parties	9,460	9,460	-	-	9,460
Lease liabilities	61,948	11,923	26,267	37,035	75,225
	254,111	204,086	26,267	37,035	267,388

Derivative financial liabilities

Forward exchange contracts:					
- Cash outflow	(436)	(214,512)	-	-	(214,512)
- Cash inflow	-	214,076	-	-	214,076
	(436)	(436)	-	-	(436)

2020

Non-derivative financial liabilities

Bank overdraft	1,462	1,462	-	-	1,462
Trade payables	217,939	217,939	-	-	217,939
Loans from financial institutions	31	31	-	-	31
Loan from related parties	9,352	9,352	-	-	9,352
Lease liabilities	91,228	26,095	31,729	43,496	101,320
	320,012	254,879	31,729	43,496	330,104

Derivative financial liabilities

Forward exchange contracts:					
- Cash outflow	-	(67,688)	-	-	(67,688)
- Cash inflow	3,536	71,224	-	-	71,224
	3,536	3,536	-	-	3,536

<i>At 31 December</i>	Separate financial statements				
	Carrying amount	1 year or less	Contractual cash flows		Total
			More than 1 year but less than 5 years <i>(in thousand Baht)</i>	More than 5 years	
2021					
<i>Non-derivative financial liabilities</i>					
Trade payables	192,602	192,602	-	-	192,602
Lease liabilities	53,047	10,307	23,925	27,108	61,340
	<u>245,649</u>	<u>202,909</u>	<u>23,925</u>	<u>27,108</u>	<u>253,942</u>
<i>Derivative financial liabilities</i>					
Forward exchange contracts:					
- Cash outflow	(436)	(214,512)	-	-	(214,512)
- Cash inflow	-	214,076	-	-	214,076
	<u>(436)</u>	<u>(436)</u>	<u>-</u>	<u>-</u>	<u>(436)</u>
2020					
<i>Non-derivative financial liabilities</i>					
Trade payables	228,783	228,783	-	-	228,783
Lease liabilities	68,568	12,065	28,183	33,157	73,405
	<u>297,351</u>	<u>240,848</u>	<u>28,183</u>	<u>33,157</u>	<u>302,188</u>
<i>Derivative financial liabilities</i>					
Forward exchange contracts:					
- Cash outflow	-	(67,688)	-	-	(67,688)
- Cash inflow	3,536	71,224	-	-	71,224
	<u>3,536</u>	<u>3,536</u>	<u>-</u>	<u>-</u>	<u>3,536</u>

The cash inflows/cash outflows disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

(b.3) Market risk

The Group is exposed to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is as follows

(b.3.1) Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

Consolidated financial statements

Exposure to foreign currency at 31 December

	2021		2020			
	USD	EUR	HKD	CNY	USD	EUR
Cash and cash equivalents	81	15	11,977	698	77	11
Trade accounts receivables	67,092	39,102	-	-	54,041	12,407
Other current receivables	-	1,356	-	2,200	84	1,678
Interest-bearing liabilities	-	(5,958)	-	-	-	(5,531)
Trade payables	-	(203)	-	-	(3,502)	(554)
Other current payables	(48,866)	(8,848)	(94)	(567)	(52,260)	(10,961)
Net statement of financial position exposure	18,307	25,464	11,883	2,331	(1,560)	(2,950)
Forward exchange selling contracts	(67,092)	-	-	-	(54,125)	-
Net exposure	(48,785)	25,464	11,883	2,331	(55,685)	(2,950)
					10,841	10,841
						2,167
						2,167

Separate financial statements

Exposure to foreign currency at 31 December

	2021		2020	
	USD	EUR	CNY	EUR
Cash and cash equivalents	63	2	-	2
Trade accounts receivables	62,354	31,233	-	5,647
Other current receivables	-	-	-	-
Trade accounts payables	-	-	-	(3,502)
Other current payables	(48,369)	(1,775)	-	(5,711)
Net statement of financial position exposure	14,048	29,460	-	(62)
Forward exchange selling contracts	(62,354)	-	-	-
Net exposure	(48,306)	29,460	-	(62)

(b.3.2) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because debt securities and loan interest rates are mainly fixed. So the Group has low interest rate risk. The sensitivity impact to the increase or decrease in interest expenses from borrowings, as a result of changes in interest rates is immaterial on financial statements of the Group.

28 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board regularly monitors the return on capital, by evaluating result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

29 Commitments with non-related parties

	Consolidated financial statements		Separate Financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Capital commitments				
Machinery, equipment and other constructions	26,609	23,144	26,609	20,804
Total	26,609	23,144	26,609	20,804
Other commitments				
Short-term lease commitments	455	822	-	-
Service agreement	20,277	9,993	19,881	9,436
Bank guarantees	10,616	10,616	10,616	10,616
Total	31,348	21,431	30,497	20,052

30 Treasury shares

At the Board of Directors' meeting of the Company held on 16 June 2020, the Board of directors of the Company approved the share repurchase program for financial management purpose in accordance with the Section 66/1(2) of the Public Company Limited Act in the amount not exceeding Baht 150.0 million. The number of ordinary shares to be repurchased is not exceeding 7.5 million shares (par value of Baht 1 per share); equal to 2.46% of the total number of paid-up share capital of the Company. In this regard, the Company shall repurchase its ordinary shares through the main board of the Stock Exchange of Thailand during the period from 1 July 2020 to 30 December 2020.

As of 30 December 2020, the share repurchase program ended, the Company did not repurchase any ordinary shares during this period.

31 Event after the reporting period

On 30 December 2021, warrants were exercised by the Company's management and employees. The Company received in cash of Baht 25.48 million. On 4 January 2022, increase in the paid-up capital from Baht 306,086,680 to Baht 307,325,780 (comprising 1,239,100 shares at par value Baht 1 per share) have been registered with the Ministry of Commerce.

Attachment

Attachment 1

Details of directors, executives, controlling persons, the person assigned to take the highest responsibility in Accounting and Finance, the person assigned to take direct responsibility for accounting supervision and the Company's secretary

Mr. Natee Onin (Age 49)

Position : Chairman of the Board of Directors

Type of Director : Non-executive Director

Period of directorship at SAPPE : 8 years 4 months (start date was 2 September 2013)

Nationality : Thai

Education :

- Ph.D. Business Administration, Ramkhamhaeng University
- M.Sc. International Business, London South Bank University, UK.
- Bachelor of Business Administration, Assumption University

Thai Institute of Director (IOD)'s Trainings and Seminars :

- Director Certification Program (DCP) Class 269/2019
- Board Matters and Trends (BMT) Class 4/2017
- Chairman Forum 1/2014, topic "Clean Business: What is the Chairman Role?" 1/2014
- Director Accreditation Program (DAP) Class 106/2013
- Role of the Chairman Program (RCP) Class 32/2013

Training Courses by the Thai Institute of Directors Association (IOD) :

- Director Certification Program (DCP) 269/2019
- Board Matters and Trends (BMT) 4/2017
- Chairman Forum 1/2014, topic "Clean Business: What is the Chairman Role?" 1/2014
- Director Accreditation Program (DAP) 106/2013
- Role of the Chairman Program (RCP) 32/2013

Percentage of SAPPE Shareholding (%) (As of 31 December 2021) :

- Held personally : -None-
- Held by spouse or minor children : -None-

Family Relationship of Management :

- Spouse of Mrs.Yata Onin (Chief Innovation Officer)

Past 5 Year Experiences:

- Listed companies in the Stock Exchange of Thailand :
- Non-listed companies in the Stock Exchange of Thailand :

Jul 2021 – Present	Director	Neab Karnchang Company Limited / Apartment rental service for residential purpose
Jul 2021 – Present	Director	Penkhun Karnchang Company Limited / Apartment rental service for residential purpose
Jul 2021 – Present	Managing director	Landscape Company Limited / Apartment rental service for residential purpose
Jul 2021 – Present	Managing director	Bluecape Company Limited / Apartment rental service for residential purpose
Aug 2019 – Present	Director	Srinakharinwirot University / Bachelor of Science Program in Food Innovation and Business
Oct 2016 – Present	Director	Oninloft Company Limited / Apartment rental service for student
Sep 2016 – Present	Director	Kampangsaan Company Limited / Apartment rental service for residential purpose
Sep 2016 – Present	Director	June 59 Company Limited / Apartment rental service for residential purpose
Sep 2016 – Present	Director	July 59 Company Limited / Apartment rental service for residential purpose
Aug 2013 – Present	Director	3T Engineering Company Limited / Production and distribution of conveyor belts in industrial factories
Jul 2013 – Present	Director	Leisure House Company Limited / Construction business
Jan 2011 – Present	General Manager	Toyox Trading (Thailand) Company Limited / Industrial pipe distribution
May 2009 – Present	Director	Onin Property Company Limited / Real Estate Agent



Mr. Adisak Ruckariyaphong (Age 48)

Position : Vice-Chairman and Chairman of Executive Committee

Type of Director : Executive Director

Period of directorship at SAPPE : 8 years 4 months (since 2 September 2013)

Nationality : Thai

Education :

- Master's degree of Business Management, Nagoya University, Japan
- Bachelor's degree of Business Administration, Assumption University

Training Courses by the Thai Institute of Directors Association (IOD) :

- Director Accreditation Program (DAP) 103/2013

Others Training Courses :

- Chief People Officer Program (CPO) 5/2015, Panyapiwat Institute of Management
- Senior Executive Program 21/2015, Capital Market Academy Program (CMA)
- Academy of Business Creativity (ABC) 1/2013, Academy of Business Creativity, Sripatum University

Percentage of SAPPE Shareholding (%) (As of 31 December 2021) :

- Held personally : 17.07
- Held by spouse or minor children : -None-

Family Relationship of Management :

- Son of Mr. Anan Ruckariyapong and sibling of Ms. Piyajit Ruckariyapong and Mr. Arnupap Ruckariyapong

Past 5 Year Experiences:

- Listed companies in the Stock Exchange of Thailand :

Oct 2018 – Present	Independent director and Audit Committee member	Index Living Mall Public Company Limited / Distributor of furniture, household goods, accessories, and appliances
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- Non-listed companies in the Stock Exchange of Thailand:

Nov 2018 – Present	Director	Kingkong Cruise Company Limited / Boat Service for tourism and travel
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Oct 2018 – Present	Director	Index International Group Company Limited / Architecture and related consultant business
---------------------------	----------	---

Feb 2018 – Present	Director	Meatster Company Limited / Retail and wholesale of meat product
---------------------------	----------	---

Nov 2017 – Present	Director	Coco Art Company Limited / Manufacturer and Distributor of coconut and other agricultural products
---------------------------	----------	---

Oct 2017 – Present	Director	Toyox Asia (Thailand) Company Limited / Manufacturer of industrial hoses
---------------------------	----------	--

Oct 2016 – Present	Director	All Coco Group Company Limited / Manufacturer and distributor of coconut products (subsidiary)
---------------------------	----------	---

Sep 2016 – Present	Director	Hose Center Company Limited / Manufacturer and distributor of industrial hoses
---------------------------	----------	---

Dec 2015 – Present	Director	Sappe Hong Kong Company Limited / Management service for associated companies (subsidiary)
---------------------------	----------	---

Jun 2015 – Present	Director	Sappe Trading (Hong Kong) Company Limited / Distribution of healthy beverages (subsidiary)
---------------------------	----------	---

May 2015 – Present	Director	Sappe Holding (Thailand) Company Limited / Management service for associated companies (subsidiary)
---------------------------	----------	--

Sep 2011 – Present	Director	Mitan Interior Design Service Company Limited / Wholesale of household electronic appliances
---------------------------	----------	---

Sep 2010 – Present	Director	Hayashi Products Company Limited / Distributor of condoms
---------------------------	----------	---

Jul 2008 – Present	Director	Sappe Corporation Company Limited / Distributor of non-alcoholic beverages
---------------------------	----------	--

2007 – Present	Managing Director	Toyox Trading (Thailand) Company Limited / Distributor of industrial pipes
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Aug 2013 – May 2016	Director	3T Engineering Company Limited / Manufacturer and distributor of conveyor belts in industrial factories
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Mr. Anan Ruckariyapong (Age 78)

Position : Director and President

Type of director : Executive Director

Period of directorship at SAPPE : 8 years 4 months (since 2 September 2013)

Nationality : Thai

Training Courses by the Thai Institute of Directors Association (IOD) :

- Director Accreditation Program (DAP) 103/2013

Percentage of SAPPE Shareholding (%) (As of 31 December 2021) :

- Held personally : 1.62
- Held by spouse or minor children : -None-

Family Relationship of Management :

- Father of Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong and Mr. Arnupap Ruckariyapong

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand : -None-
- Non-listed companies in the Stock Exchange of Thailand :

2008 – Present Director Sappe Corporation Company Limited / Distributor of non-alcoholic beverages



Ms. Piyajit Ruckariyapong (Age 46)

Position : Director and Chief Executive Officer

Type of director : Executive Director

Period of directorship at SAPPE : 8 years 4 months (since 2 September 2013)

Nationality : Thai

Education:

- Bachelor's Degree (with honors), Liberal Arts from University of Sheffield, UK

Training Courses by the Thai Institute of Directors Association (IOD) :

- Director Accreditation Program (DAP) 103/2013

Others Training Courses :

- Top Executive Program 2021, Royal Thai Police
- Top Executive Program in Commerce and Trade (TEPCoT) 13 (2020-2021)
The University of the Thai Chamber of Commerce (UTCC)
- Senior Executive Program 26 /2018 Capital Market Academy Program (CMA)
- Academy of Business Creativity (ABC) 5/2016 Academy of Business Creativity, Sripatum University

Percentage of SAPPE Shareholding (%) (As of 31 December 2021) :

- Held personally : 17.73
- Held by spouse or minor children : -None-

Family Relationship of Management :

- Daughter of Mr. Anan Ruckariyapong and sibling of Mr. Adisak Ruckariyaphong and Mr. Arnupap Ruckariyaphong

5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand : -None-
- Non-listed companies in the Stock Exchange of Thailand :

Nov 2016 – Present	Director	Sappe Trading (Shanghai) Company Limited / Distributing health drinking products (subsidiary)
Oct 2016 – Present	Director	All Coco Group Company Limited / Producing and distributing coconut products (subsidiary)
Dec 2015 – Present	Director	Sappe Hong Kong Company Limited / Management service for associated companies (subsidiary)
Jun 2015 – Present	Director	Sappe Trading (Hong Kong) Company Limited / Distribution of healthy beverages (subsidiary)
May 2015 – Present	Director	Sappe Holding (Thailand) Company Limited / Management service for associated companies (subsidiary)
2019 – Present	Director	Danone Sappe Beverages Company Limited / Distributor of non-alcoholic beverages
Jul 2008 – Present	Director	Sappe Corporation Company Limited / Distributor of non-alcoholic beverages
2013 – Dec 2016	Director	PT. Sappe Indonesia / Distributing health drinking products



Mr. Arnupap Ruckariyapong (Age 43)

Position : Director and Chief Operating Officer

Type of director : Executive Director

Period of directorship at SAPPE : 8 years 4 months (since 2 September 2013)

Nationality : Thai

Education :

- Bachelor's Degree, Engineer Major Computer Science, University of California, USA

Training Courses by the Thai Institute of Directors Association (IOD) :

- Director Accreditation Program (DAP) 103/2013

Others Training Courses :

- Academy of Business Creativity (ABC) 3/2015 Academy of Business Creativity, Sripatum University

Percentage of SAPPE Shareholding (%) (As of 31 December 2021) :

- Held personally : 15.33
- Held by spouse or minor children : -None-

Family Relationship of Management :

- Son of Mr. Anan Ruckariyapong and sibling of Mr. Adisak Ruckariyaphong and Ms. Piyajit Ruckariyapong

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand : -None-
- Non-listed companies in the Stock Exchange of Thailand :

Dec 2021 – Present	Director	M Intelligence Company Limited / Consulting service about digital transformation
2019 – Present	Director	All Coco Group Company Limited / Producing and distributing coconut products (subsidiary)
Dec 2015 – Present	Director	Sappe Hong Kong Company Limited / Management service for associated companies (subsidiary)
Jun 2015 – Present	Director	Sappe Trading (Hong Kong) Company Limited / Distribution of healthy beverages (subsidiary)
May 2015 – Present	Director	Sappe Holding (Thailand) Company Limited / Management service for associated companies (subsidiary)
2010 – Present	Director	Hayachi Products Company Limited / Distributor of condoms
Jul 2008 – Present	Director	Sappe Corporation Company Limited / Distributor of non-alcoholic beverages
Sep 2016 – 2020	Director	On Fifth Company Limited / Restaurant
Mar 2016 – 2020	Director	3T Engineering Company Limited/ Manufacturer and distributor of conveyor belts for industrial factories



Mr. Thana Thienachariya (Age 52)

Position : Director

Type of Director : Independent Director

Period of directorship at SAPPE : 8 year 4 months (since 2 September 2013)

Nationality : Thai

Education :

- Master's degree of Business Administration, Washington State University, USA.
- Bachelor's degree of Economic (2nd class honors), Chulalongkorn University

Training Courses by the Thai Institute of Directors Association (IOD) :

- Director Certification Program (DCP) 181/2013

Others Training Courses :

- TLCA Executive Development Program (EPD) 8/2011 Thai Listed Companies Association
- A new leader in democracy Program 1/2011 King Prajadhipok's institute
- Senior Executive Program 8/2009 Capital Market Academy Program (CMA)

Percentage of SAPPE Shareholding (%) (as of 31 December 2021) :

- Held personally : -None-
- Held by spouse or minor children : -None-

Family Relationship of Management : -None-

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand :

Dec 2020 – Present	Independent Director	TQM Corporation Public Company Limited / Insurance and Life Insurance
1 Nov 2020 – Present	Advisor	to the CEO Siam Commercial Bank Public Company Limited / Commercial Bank
2015 – Present	Director	Aksorn Education Public Company Limited / Teaching media in various formats
2015 – Oct 2020	Senior Executive Vice President Chief Marketing Officer and Head of External Communication & CSR (Acting)	Siam Commercial Bank Public Company Limited / Commercial Bank
2015 – Jul 2016	Independent Director and Audit Committee	Singha Estate Public Company Limited / Real Estate
• Non-listed companies in the Stock Exchange of Thailand :		
12 Nov – Present	Director and Chairman of the Board of Directors	Bluebik Group Company Limited / Management Consulting
13 Jul 2020 – Present	Director	Purple Ventures Company Limited / Develop and provide a lifestyle e-Mar ketplace platform service
2013 – Present	Director	Academy of Business Creativity, Sripatum University
2013 – Jul 2020	Director	Southpaw Business Company Limited / Management Consulting
Aug 2013 – 2016	Director	SF Corporation Company Limited / Cinema



Mrs. Niratchara Siriamphunkul (Age 59)

Position : Director

Type of director : Independent Director

Period of directorship at SAPPE : 8 years 4 months (since 2 September 2013)

Nationality : Thai

Education :

- Bachelor of Economics, Chiang Mai University

Training Courses by the Thai Institute of Directors Association (IOD) :

- Successful Formulation & Execution of Strategy (SFE) 36/2021
- Director Certification Program (DCP) 180/2013

Percentage of SAPPE Shareholding (%) (As of 31 December 2021) :

- Held personally : -None-
- Held by spouse or minor children : -None-

Family Relationship of Management : -None-

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand : -None-
- Non-listed companies in the Stock Exchange of Thailand :

2007 – Present	Chairman	Thung Sod Company Limited / Packaging product business
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Mr. Padungdej Indralak (Age 67)

Position : Director and Chairman of Audit Committee

Type of Director : Independent Director

Period of directorship at SAPPE : 4 years 5 months (since 26 July 2017)

Nationality : Thai

Education :

- Postgraduate Diploma (Development Economics), North London Polytechnic, UK
- B.A. (Economics), Chulalongkorn University

Training Courses by the Thai Institute of Directors Association (IOD) :

- Director Accreditation Program, Class 103/2013

Others Training Courses :

- SCG Management Development Program (Wharton Business School)
- National Defense College (NDC 2548)
- Corporate Finance Certificate, INSEAD, France.
- Senior Executive Program, Capital Market Academy Program (CMA), Class 18/2014

Percentage of SAPPE Shareholding (%) (as of 31 December 2021) :

- Held personally : -None-
- Held by spouse or minor children : -None

Family Relationship of Management : -None-

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand :

Year 2018 – Present	Independent Director and Audit Committee	Thai Group Holding Public Company Limited / Insurance and Life Insurance
Year 2019 – Present	Director of Enterprise Risk Management Committee and Nomination and Remuneration Committee	Thai Group Holding Public Company Limited / Insurance and Life Insurance
Year 2013 – 2015	Independent Director, Audit Committee and Director of Enterprise Risk Management committee	Nok Airlines Public Company Limited / Airlines Business
• Non-listed companies in the Stock Exchange of Thailand :		
Year 2014 – 24 Jan 2022	Director and Audit Committee	Southeast Insurance Public Company Limited / Insurance
Year 2018 – 24 Jan 2022	Director of Enterprise Risk Management Committee	Southeast Insurance Public Company Limited / Insurance
Year 2014 – Present	Director and Audit Committee	Southeast Insurance Public Company Limited / Life Insurance
Year 2018 – Present	Director of Enterprise Risk Management Committee	Southeast Insurance Public Company Limited / Life Insurance
Year 2014 – Present	Director and Audit Committee	Southeast Capital Company Limited / Leasing
Year 2018 – Present	Director of Enterprise Risk Management Committee	Southeast Capital Company Limited / Leasing
Year 2014 – Present	Independent Director and Chairman of Audit Committee	ANZ Bank (Thai) Public Company Limited / Financial Institution
Year 2014 – 2015	Director	Nok Mangkang Company Limited / Airlines Business
Year 2014 – 2015	Independent Director	Wuttisak Clinic International Group Company Limited / Beauty Business
	Audit Committee and Director of Enterprise Risk Management Committee	



Ms. Kunnigar Triyangkulsri (Age 55)

Position : Director and Audit Committee

Type of director : Independent Director

Period of directorship at SAPPE : 8 years 4 months (since 2 September 2013)

Nationality : Thai

Education :

- Master of International Finance, American Graduate School of International Management, USA
- Bachelor of Business Administration, Major Finance, Thammasat University

Training Courses by the Thai Institute of Directors Association (IOD) :

- Role and the Nomination and Governance Committee 7/2015
- Audit Committee Program (ACP) 45/2013
- Director Certification Program (DCP) 133/2010

Percentage of SAPPE Shareholding (%) (As of 31 December 2021) :

- Held personally : 0.02
- Held by spouse or minor children : -None-

Family Relationship of Management : -None-

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand : -None-
- Non-listed companies in the Stock Exchange of Thailand :

Oct 2018 – Present	Sub-Committee	of Supervision and Examination Anti-Money Laundering Office / Government Agency
Aug 2017 – Present	Director	AHG Partner Company Limited / Health & Care Business
Year 2012 – Present	Director	Arun Health Garden Company Limited / Real estate
Year 2005 – Present	Director	Arunotel Company Limited / Hotel and restaurant
Feb 2019 – July 2020	Advisor	of Supervision and Examination Division Anti-Money Laundering Office / Government Agency
Dec 2013 – Dec 2016	Independent Director	The Thai Credit Retail Bank Public Company Limited / Commercial Bank



Mr. Surath Pralongsilp (Age 51)

Position : Director and Audit Committee

Type of Director : Independent Director

Period of directorship at SAPPE : 8 years 4 months (since 2 September 2013)

Nationality : Thai

Education :

- Master's degree, M.A in Finance and Investment, University of Exeter
- Master's degree of Business Administration, Thammasat University
- Bachelor's degree of Engineering Program in Industrial Engineering, Chulalongkorn University

Training Courses by the Thai Institute of Directors Association (IOD) :

- National Director Conference "Leadership Behind Closed Door" NDC 1/2021
- What You Board Needs to Know about C-Suite Development O-DB 11/2021
- Director Certification Program (DCP) 259/2018
- Advance Audit Committee Program (AAP) 14/2014
- Director Accreditation Program (DAP) 106/2013

Others Training Courses :

- Strategic Chief Financial Officer 9/2019, The Securities Exchange of Thailand
- Executive Development Program 4/2009, Thai Listed Companies Association

Percentage of SAPPE Shareholding (%) (As of 31 December 2021) :

- Held personally : -None-
- Held by spouse or minor children : -None-

Family Relationship of Management : -None-

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand :

March 2019 – Mar 2021	Director and Executive Vice President (Finance)	Kulthorn Kirby Public Company Limited / The manufacturing and distribution of reciprocating compressors
Sep 2015 – Jun 2017	Director and CEO	Bangpakong Terminal Public Company Limited / Port facilities Service
Aug 2014 – Aug 2015	Director and Audit Committee,	Bangpakong Terminal Public Company Limited / Port facilities Service
• Non-listed companies in the Stock Exchange of Thailand:		
Oct 2021 – Present	Chief Commercial Officer	TQM Insurance Broker / Insurance
April 2019 – Mar 2021	Director	Kulthorn Premier Company Limited / The manufacturer of the motor compressor and quality iron casting
	Director	Kulthorn Kirby Foundry Company Limited / The manufacturer of the quality iron casting
	Director	Kulthorn Materials and Controls Company Limited / The manufacturer of the enameled copper wire and thermostat used in refrigerators
	Director	Kulthorn Steel Company Limited / The Steel Coil Center for the manufacturer of motor compressor, electrical motor, and other parts
	Director	Kulthorn Metal Products Company Limited / The Manufacturer and distributor of Metal, Metallurgy, and Metal working
	Director	Kulthorn Research and Development Company Limited / research and development of technology and innovation
Jan 2015 – Aug 2015	Senior Vice President of Marketing and Supply Chain	Italhai Industrial Company Limited / Operate a dealer business and provide after-sales service for Machinery
Jan 2013 – Dec 2014	Director of Supply Chain Management	Italhai Industrial Company Limited / Operate a dealer business and provide after-sales service for Machinery



Ms. Sutatip Chantharangsee (Age 43)

Position : Company Secretary and Board of Directors Secretary Audit Committee Secretary, Executive Committee Secretary and Assistant Vice President– New Business Partnership, Strategy and Finance Department

Appointment Date : 13 December 2018

Nationality : Thai

Education :

- Master's degree of Business Administration, Sasin School of Management
- Bachelor's degree, Faculty of Commerce and Accountancy, Banking and Finance (Second-class Honor) Thammasat University

Training Courses by the Thai Institute of Directors Association (IOD) :

- Company Secretary Program 2019

Percentage of SAPPE Shareholding (%) (As of 31 December 2021) :

- Held personally : 0.0003
- Held by spouse or minor children : -None-

Family Relationship of Management : -None-

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand :

2014 – 2017	Finance Department Manager	Chememan Public Company Limited
2007 – 2010	Assistant Vice President - Multi Corporate Business Department	Kasikorn bank Public Company Limited / Commercial Bank
• Non-listed companies in the Stock Exchange of Thailand :		
2011 – 2014	Treasurer & Corporate Planning Team Lead	CUEL Company Limited



Duties and Responsibilities of the Company Secretary :

1. Prepare and retain the documents as follows:
 - Directors Register
 - Invitation Letters to Attend the Board of Directors' Meeting, Board Meeting Minutes and Company's Annual Report
 - Invitation Letters to the Annual General Meeting of Shareholders and Minutes of the Shareholder Meeting
 2. Keep reports on interest filed by directors or executives and submit a copy of the report on interest under Section 89/14 to the Chairman of the Board and the Chairman of the Audit Committee within seven business days from the date on which the Company has received such report
 3. Perform any other acts as specified in the Notification of the Capital Market Supervisory Board.
- In addition, the corporate secretary has other duties as follows
- Providing advice, supervising, coordinating and following up to ensure that the Board of Directors has complied with the objectives. Articles of Association Resolution Board of Directors and Shareholders' Resolutions Legal and regulatory requirements related
 - Organize the Board of Directors' meeting and Shareholders' meeting
 - Organize orientation and give advice for newly appointed directors
 - Recommend appropriate training courses to the Board of Directors
 - Coordinate with all department in its organization to comply with the resolution of the Board of Directors, the resolutions of the shareholders' meeting and governmental supervisory units
 - Promote directors and executives to have knowledge and understanding of good corporate governance and the Company's business ethics. and follow up to ensure compliance with such principles as well as reviewing the good corporate governance and business ethics of the Company. comply with the law international practices and leading companies
 - Ensuring that the Company treats all shareholders equally, fairly and in accordance with the law and strengthen good relationship with minority shareholders
 - Coordinate various matters between shareholders, directors, executives and all stakeholders
 - Perform other duties as assigned by the Company

Mr. Anak Lapsuksatit (Age 43)

Position : Chief Financial Officer

Appointment Date : 1 March 2017 (Chief Financial Officer)

Education :

- Master's degree, Faculty of Commerce and Accountancy, Marketing, Thammasat University
- Bachelor's degree, Faculty of Commerce and Accountancy, Banking and Finance, Thammasat University

Training Courses :

- Strategic CFO in Capital Markets 6/2018, The Securities Exchange of Thailand
- MULTIPLIER® How the Best Leaders Ignite Everyone's Intelligence 2020, Pacrim Group
- The 4 Essential Roles of LEADERSHIP™ 2018, Pacrim Group
- The 7 Habits of Highly Effective People® 2014, Pacrim Group
- Leadership: Great Leaders, Great Teams, Great Results™ 2012, Pacrim Group

Percentage of SAPPE Shareholding (%) (As of 31 December 2021) :

- Held personally : 0.02
- Held by spouse or minor children : -None-

Family Relationship of Management : -None-

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand:

2010 – Present

Vice President of Strategy & Finance

Sappe Public Company Limited / Manufacturer and distributor of healthy food and beverages

2009 – 2010

Senior Vice President of Corporate Business

Kasikorn bank Public Company Limited / Commercial Bank



Ms. Jarinya Buransuk (Age 39)

Position : Assistant Vice President of Accounting

(The account preparer has the qualifications and conditions in accordance with the rules specified in the Notification of the Business Development Department)

Appointment Date : 24 June 2013 (Account Controller)

Education :

- Master's degree, Master of Accounting Faculty of Commerce and Accountancy Chulalongkorn University

Continuing Professional Development Program

2021

- Financial Instruments for Non-Financial Institutions (7 hours)
- TFRS 2022 (Thai Accounting Standard and Thai Financial Reporting Standards Revised 2022) (7 hours)

2020

- CFO 2021 (7 hours)
- Thai Accounting Standard PAEs 2020 (7 hours)

2019

- Transfer Pricing 2019 between related party (7 hours)
- (Draft) TFRS 16 Leases (7 hours)
- Revenue Recognition (TFRS 15) and changes of Accounting Standard related to PAEs and NPAE (3 hours)
- Thai Financial Reporting Standards related to Financial Instruments (IFRS 9) and Leases (IFRS 16) in practice (2.30 hours)

2018

- New TFRS (7 hours)
- (Draft) TFRS 15 : Thai Financial Reporting Standards: Revenue Recognition (6.30 hours)

2017

- Accounting of investments in associates, subsidiaries and joint ventures (7 hours)
- Tax invoice, Non deductible Input VAT and solution (7 hours)
- Submission of Financial Statements to DBD e-Filing (e-Filing) (2 hours)

2016

- Difference between Accounting and Taxation 2016 (6.30 hours)
- Statement of Cash Flows workshop and case study (6.30 hours)
- Submission of Financial Statements to DBD e-Filing (e-Filing) (2 hours)

2015

- AEC The impact of company income tax (6.30 hours)
- TFRS 2016 (6.30 hours)

Percentage of SAPPE Shareholding (%) (As of 31 December 2021) :

- Held personally : -None-
- Held by spouse or minor children : -None-

Family Relationship of Management : -None-

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand :

2019 – present	AVP- Accounting	Sappe Public Company Limited / Manufacturer and distributor of healthy food and beverages
2013 – 2019	Accounting Manager	Sappe Public Company Limited / Manufacturer and distributor of healthy food and beverages
• Non-listed companies in the Stock Exchange of Thailand :		
2007 – 2013	Senior Auditor	KPMG Phoomchai Audit Ltd. / Audit service



Details of the directors of subsidiaries

Director of the subsidiary, associated, and related companies

As of December 31, 2021, the directors (including related persons) holding directorships in subsidiaries, associated and related companies as follows:

Names of directors	Subsidiaries				Indirect Subsidiaries				Associated				Related			
	Sappe Holding (Thailand) Co., Ltd.	Sappe Europe s.r.o.	Sappe Trading (Hong Kong) Co., Ltd.	Sappe Hong Kong Co., Ltd.	Sappe Trading (Shanghai) Co., Ltd.	All Coco Group Co., Ltd.	All Coco Co., Ltd.	K Best Farm Co., Ltd.	Danone Sappe Beverages Co., Ltd.	M Intelligence Co., Ltd.	Sappe Corporation Co., Ltd. (Collection period)	Toyo Trading (Thailand) Co., Ltd.	Hayashi Products Co., Ltd.	3T Engineering Co., Ltd.	On Fifth Co., Ltd.	Social Lab Co., Ltd.
1. Mr. Natee Onin	-	-	-	-	-	-	-	-	-	-	-	-	-	✓	-	-
2. Mr. Adisak Ruckariyaphong	✓	-	x	x	-	✓	-	-	-	-	✓	✓	✓	✓	-	-
3. Mr. Anan Ruckariyapong	-	-	-	-	-	-	-	-	-	-	x	-	-	-	-	-
4. Mr. Arnupap Ruckariyapong	✓	-	✓	✓	-	✓	-	-	-	✓	✓	-	✓	x	✓	-
5. Ms. Piyajit Ruckariyapong	x	-	✓	✓	✓	✓	-	-	✓	-	✓	-	-	-	-	-
6. Mrs. Niratchara Siamphunkul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7. Mr. Thana Thienachariya	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Mr. Padungdej Indralak	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Ms. Kunnigar Triyangkulsri	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10. Mr. Surath Pralongsil	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
บุคลากรที่เกี่ยวข้องกับธุรกรรม																
1. Mrs. Yata Onin Spouse of Mr. Natee Onin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Mrs. Chatpawee Ruckariyaphong Spouse of Mr. Adisak Ruckariyaphong	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	✓

Remark: x = Chairman and ✓ = Director

Information of the head of internal audit

The company hired P&L Corporation Company Limited to conduct the 2021 internal audit and the details of the chief internal auditor are as follow:

Ms. Monnapat Phumirattanajarin, Vice President at P&L Corporation Co.,Ltd., provides internal audit service for listed companies (both SET and mai) and other private companies as well as companies in the process to be listed in the Stock Exchange of Thailand around 60 firms in total.

Education:

- Master's degree in accountancy (Master of Accountancy), Faculty of Commerce and Accountancy, Chulalongkorn University
- Bachelor's degree in accounting, College of Innovative Business and Accountancy, Dhurakij Pundit University

Working Experience:

- Vice President P&L Corporation Co., Ltd.
- Marketing officer – Seamico Securities Public Company Limited
- Assistant teacher –Dhurakij Pundit University (College of Innovative Business Accountancy)
- Accountant staff – The sustainable energy project under the Appropriate Technology Association (Energy Ashram)

Training/Diploma/Certificate

- Internal auditing certificate from the Internal Auditing Certificate Program – IACP
- Certificate of the Institute of Internal Auditors of Thailand (CPIAT)
- Independent auditor certificate in small and medium-sized enterprises (CAC SME Independent Auditor Certification), the Thai Institute of Directors (IOD)
- The Institute of Internal Auditors of Thailand (IIA)
 - Clinic IA: Topic “2017 Standards Updates USAGE, And Conformance”
 - Clinic IA: Topic “Fraud Audit and Caution for Auditor”
 - Clinic IA: Topic “Board and management relationship”
 - Clinic IA: Topic “Agile Auditing”
 - Clinic IA: Topic “Top Risk 2021 & IT Audit Roles”
 - Clinic IA: Topic “The Convergence of Security Governance and Data Privacy”
 - Clinic IA: Topic “State of Cyber Security 2021 & Cyber Practices by Thai SEC”
 - Clinic IA: Topic “Business Process Auditing and Integrated Audit”
- Chulalongkorn University - Pre-CIA course
- Thailand Securities Institute (TSI) –Training Analysis Fundamental Information in Financial Market and Stock Market

Attachment 4

1. Assets for Business Operations

1.1 Fixed Assets Used in Business Operations

As of 31 December 2021, fixed assets of the company and its subsidiaries that are used in business operations are as follows:

Type/Characteristic	Net Book Value as of 31 December 2021 (Million Baht)	Characteristic of Ownership	Obligation
1. Land and land improvement	122.91	Owner	None
2. Buildings and building improvement	242.28	Owner	None
	54.97	Right of use assets	Yes
3. Machinery and equipment	508.34	Owner	None
4. Decoration and installation items and office items	25.21	Owner	None
5. Vehicles	14.05	Owner	None
6. Assets under construction and installation	38.48	Owner	None
Total	1,006.24		

Remark: The company and its subsidiaries have buildings, building improvement and land improvement including decoration and installation items of the assets on the land where the company made a rental agreement with the company's major shareholder and the shareholder of indirect subsidiary.

1.2 Intangible Assets

As of 31 December 2021, the company and its subsidiaries owned computer software, patent and copyrights as follows:

List	Net Book Value as of 31 December 2021 (Million Baht)	Ownership	Obligation
Software copyright ^{1/}	10.33	Owner	None
Trademark and copyright ^{2/}	31.78	Owner	None
Product design expense	1.23	Owner	None
Total	43.34		

Remark: ^{1/} Computer software to be written off in 3-10 years.

^{2/} Trademark and copyright to be retired in accordance with patent life of that particular trademark or copyright.

1.3 Important Agreements of the Company

1.3.1 Lease Agreement

(A) Lease Agreements of Land and Factory

The company made a lease agreement of empty land/land with structure with the major shareholder of the company to be used as its factory, office and warehouse. The details are as follows:

1) **Bangchan Office** (the company's former factory): The office is located in Bangchan Industrial Estate, Serithai road, Kannayao district, Bangkok on a plot of 2 rai, 1 ngan and 88.2 sq. wah. The company leases land with structure including a factory building, an office building and other facilities. On the leased land, the company also constructed additional structures under its ownership.

2) **Khlong 13 Factory:** The factory is located on Pathum Thani 3012 rural road (on the west side of Khlong 13), Lam Luk Ka district, Pathum Thani province on a plot of 97 rai, 3 ngan and 49 sq. wah. The company made a lease agreement of empty land and later constructed the factory building and other structures under its ownership.

The lease agreement of land with building at Bangchan Office was 3 years with a 3-year extension option. As of 31 December, 2021, the fixed assets including buildings, structures and other assets in which the company invested and installed on the rental land were worth 14.84 million baht, and the net book value was 3.23 million baht.

Making the lease agreement of assets at Bangchan Office is counted as the connected transaction which was endorsed by the audit committee meeting and received approval from the Board of Directors' meeting. The directors who have interest in this transaction did not attend the meeting and did not take part in the voting to approve the issue.

The lease agreement of the Khlong 13 factory was 20 years and the company has invested in construction of a factory building and other facilities on the land. The construction started in 2010 and completed as well as commenced production in 2012. As of 31 December, 2021, the fixed assets including a factory building, structures and other assets in which the company invested and installed on the land were worth 423.15 million baht in cost value and 196.06 million for net book value.

The lease agreement of assets at the Khlong 13 factory is regarded as the connected transaction which was endorsed by the audit committee meeting and received approval from the Board of Directors' Meeting. In addition, the directors who have interest in this transaction did not take part in the consideration and voting at the meeting to approve the issue.

The company arranged appraisals of land/land with structures in both properties that the company made lease agreements. The appraisals were conducted by an independent appraiser, Agency for Real Estate Affairs Co., Ltd., which has been approved by the Securities and Exchange Commission according to the appraisal reports dated 7 August, 2013 and 8 August, 2013. The appraisals were made for public purpose.

(B) Lease Agreement of Land with Structures of Bangchan Office

Gist of Agreement	
Parties of Agreement	<i>Lessee:</i> Sappe Public Company Limited <i>Lessor:</i> Mr. Anan Ruckariyapong
Relationship between the parties and the company	Mr. Anan Ruckariyapong is the president and also the director who is authorized to sign on behalf of the company. He holds the company's share at 1.62 % of the issued shares (As of 31 December, 2021)
Assets under Lease Agreement	Land, factory and other structures Title deed number 123454 with land area of 2 rai, 1 ngan and 88.20 sq. wah. The land with structures under the lease agreement is located at 9/3, Soi Serithai 56, Bangchan Industrial Estate, Serithai road, Kannayao subdistrict, Kannayao district, Bangkok, 10230
Term of Agreement	A lease period of 3 years, from 1 October, 2019-30 September 2022, and the lessee is entitled to extend the agreement for another 3 years at the time of renewal under the same terms and conditions. The rental rate shall be increased by 3.0% from the last rate, and the increase will be made annually at the same rate as rental rate adjustment each year.
Rental rate	Rental rate in the second year (October 2020-September 2021) was 478,588 baht per month. Rental rate in the third year (October 2021-September 2022) is 492,946 baht per month.
Rental rate setting	Rental rate is referred from the assessment of the independent appraiser. The initial rate in the first year for the factory and other structures was equal to the appraised rental price of the factory, and added with the rental fee of remaining land at 5% of the land appraisal price. The rental fee shall be increased in the following years at 3.0% per year.

Gist of Agreement

Appraisal Price

Market price for buy and sell

- Land: 34.59 million baht (Calculated the annual rental rate at 5% of the land appraisal price in the part under the lease agreement so the land rental fee is equal to 53,586 baht/ month)
- Building: 14.29 million baht (Appraisal price of all buildings and structures)

Market price for rental fee (Only the part under the lease agreement)

- Factory area 130 baht/sqm./month
- Office area 169 baht/sqm./month
- Total rental fee of building 335,550 baht/month

• Name of Independent Appraiser

Agency for Real Estate Affairs Co., Ltd

• Date of Appraisal

31 July 2013

Important conditions of the agreement

- When the lease agreement ends and the lessee does not want to continue leasing the property, and the lessor desires to sell the land with other structures in this agreement, the lessor agrees to give the right to the lessee to buy the property before other buyers at the appraisal price assessed by the independent appraiser which has been approved by the Securities and Exchange Commission.
- The lessee can terminate the tenancy before the end of the leasing term by submitting a written notice not less than 60 days in advance but the lessor is not allowed to terminate the agreement before the end of the term. If the agreement expires and the lessor does not want the lessee to extend the tenancy, the lessor must inform the lessee in advance with a written notice at least 1 years before the end of the agreement term.
- When the lease agreement is due without an extension of tenancy, or the agreement is ended by any cause, the lessee shall be allowed to transfer the factory and structures built before and/or within the lease duration into ownership of the lessor without any payment, except that the lessor does not want to own the structures which were constructed by the lessee. The lessor can also request the lessee to demolish those structures with the expense in the responsibility of the lessee.
- In case that the lease agreement ends with breach of agreement committed by the lessor, the lessor must be responsible for the construction expense of building, factory and other structures which were constructed or enlarged before and/or within the duration of the agreement term to the lessee at the market price, and/or the price assessed by the independent appraiser which is endorsed by the Securities and Exchange Commission, and agreed by both parties as appraiser.

(c) Lease Agreement of Khlong 13 Factory

Gist of Agreement

Parties of Lease Agreement

Lessee : Sappe Public Company Limited
Lessor : Ruckariyapong Group of Persons

Relationship between the parties and the company

The group of persons consists of 6 members: Mr. Anan Ruckariyapong, Mr. Adisak Ruckariyapong, Mrs. Somnuk Isoonpisarnsiri, Mr. Arnupap Ruckariyapong, Ms. Piyajit Ruckariyapong and Mr. Thanarat Ruckariyapong who are the directors, executives and/or the major shareholders of the company with collective holding of 74.89% of issued shares (As of 31, December, 2021)

Assets under Lease Agreement

Empty land with title deed numbers: 208, 146943, 146944 and 146945.
The plot of 97 rai, 3 ngan and 49 sq.wah. is located on rural road Pathum Thani 3012 (West of Khlong 13), Phuet Udom, Lam Luk Ka district, Pathum Thani province 12150.

Gist of Agreement

Term of Lease Agreement	20 year-term, started from 1 October, 2013 and ends 30 September, 2033.
Rental rate	Rental rate in the eighth year (October 2020-September 2021) was 175,749 baht per month, and the rate in the ninth year (October 2021-September 2022) is 179,264 baht per month.
Rental rate setting	The rental rate setting is referred from the appraisal of the independent appraiser with the annual rate in the first year equal to 5% of the appraised land price, and to be increased by 2% per year for the rest of the agreement term.
Appraisal Price	Land: 61.20 million baht
• <i>Name of Independent Appraiser</i>	Agency for Real Estate Affairs Co., Ltd.
• <i>Date of Appraisal</i>	30 July, 2013
Important conditions of lease agreement	<ul style="list-style-type: none"> • After the expiration of the 3 year term counting from the date specified in this agreement, the lessor agrees that if the lessee desires to purchase the assets, the lessor will sell them to the lessee and both parties shall separately select one independent appraiser which has been approved the Securities and Exchange Commission. The transaction shall be made under the average price of the appraisal price assessed by the two independent appraisers (Average Appraisal Price). • Throughout the duration of tenancy, the lessor agrees not to sell the assets to other persons in any case, and if the lessor wants to sell the land and structures (if any) when the 20-year-term ends under this lease agreement, the lessor has to inform the lessee in a written notice at least 3 years before the end of the agreement. However, the notification from the lessor is not regarded as depriving the right of the lessee to buy the leased assets from the lessor. • When the 20-year tenancy expires and the lessor shall propose to sell the leased assets to the lessee or offer continuity of tenancy, the lessor has to offer at the average appraisal price (the price is calculated from the land only and is not included the structures on the leased land). If the lessee refuses to buy the leased assets, or does not respond to the offer within 60 days of the date of offering, the lessor is entitled to sell the land and the buildings of the lessee on that plot (if any) to other persons when the 20-year term of the lease agreement ends. • If the lessor wants the lessee to continue asset tenancy, the lessor shall offer a deal that both sides jointly agree in relevant matters including duration of the lease, rental rate, and terms and conditions. In this case, the lessor is required to offer a deal to the lessee before other persons. • The lessee is entitled to terminate the lease agreement before the end of the term by informing the lessor with a written notice not less than 60 days in advance, but the lessor cannot terminate the agreement before the expiration of the agreement. • When the lease agreement expires and the lessee has yet agreed to buy the assets or does not request for an extension of tenancy, or the agreement is ended by any cause, except the lessor breaches the agreement, the lessee allows the transfer of the factory and other structures constructed before and/or within the lease term to be in ownership of the lessor without payment. In case that the lessor does not want to own the structures constructed by the lessee, the lessor can request the lessee to demolish the structures and be responsible for the relevant expense. • In case that the lease agreement comes to an end as the lessor breaches the contract, the lessor shall be responsible for the construction expense of building, factory and other structures in which the lessee constructed before and/or within the lease term for the lessee at the average appraisal price for the building and structures.

(D) Lease Agreement of Ramkhamhang Office

Gist of Agreement	
Parties of Agreement	<i>Lessee:</i> Sappe Public Company Limited <i>Lessor:</i> S.P. International Co., Ltd.
Relationship between the agreement parties and the company	-None-
Assets under Lease Agreement	S.P. Arcade Building, 3rd floor with a total area of 1,507.7 sq.m. The building is located at 71, Ramkhamhaeng road, Hua Mark subdistrict, Bangpaki district, Bangkok 10240
Term of Lease Agreement	Three years, starting from 16 September, 2020 until 15 September, 2023. When the lease agreement expires, if the lessee wants to continue tenancy, the two agreement parties shall make a new agreement. For the rate adjustment and increase of service charge, the lessor agrees to raise the rental rate and service not exceeding 15% of the rental rate and service charge
Rental rate and service rate	618,157 baht per month

1.3.2 Agreement of Distributor Appointment

Agreement Party/Relationship with the Company	Gist of Service under Agreement	Terms of Agreement
1. Agreement between the Company ("Product Owner") and Mass Marketing Co., Ltd. ("Distributor") <i>Relationship with the Company:</i> -None -	The company sells its products specified in the agreement to the distributor in order to distribute them in domestic retail and wholesale shops which are 'Traditional Trade', not 'Chain Store' whereas the distributor shall receive payment at a percentage of the price distributed to wholesale shops.	Duration of 2 years (7 April, 2009 - 6 April, 2011) and the agreement can be renewed automatically every 2 years in accordance with the conditions specified in the agreement.
2. Agreement between the Company (Product Owner) and Durbell Co., Ltd. (Distributor) <i>Relationship with the Company:</i> -None -	The company sells its products specified in the agreement to the distributor in order to distribute them in domestic retail and wholesale shops which are not 'Chain Store' whereas the distributor shall receive payment at a percentage of the price distributed to wholesale shops.	Duration of 3 years (10 October, 2013 - 9 October, 2016) and the agreement can be renewed automatically every 3 years under the conditions specified in the agreement.

1.3.3 Asset Insurance

The company has industrial all risks insurance and business interruption insurance for Bangchan office, Khlong 13 factory, Ramkhamhaeng office, Khlong 15 warehouse and Wang Noi storage LF Logistics (Thailand) Limited with a total insured sum of 1,807.70 million baht which covers the book value of that insured assets. The company also has public liability insurance with sum insured of 20 million baht. Details are summarized as follows:











Type of Policy	Insurance Company	Insured Assets	Sum Insured (Million Baht)	Period of Insurance	Insured
1. Industrial All Risks Insurance Policy	Dhipaya Insurance Public Company Limited	<p>No. 8,18,19 Moo 7, Phuet Udom subdistrict, Lam Luk Ka district, Pathum Thani province 12150,</p> <p>No. 9/3 Bangchan Industrial Estate, Serithai road, Kannayao subdistrict, Kannayao district, Bangkok 10230,</p> <p>Ramkhamhaeng Office 71, Ramkhamhaeng road, Hua Mark subdistrict, Bangkok district, Bangkok 10240,</p> <p>Khlong 15 Warehouse Building 1, No. 53 Moo 4, Chumphon subdistrict, Ongkharak district, Nakhon Nayok 26120, and</p> <p>Wang Noi Storage LF Logistics (Thailand) Limited No. 505 Moo 2, Khlong Chik subdistrict, Bang Pa-in district, Ayutthaya province.</p> <p>Coverage</p> <ul style="list-style-type: none"> • Building (Footing is excluded) including building improvement etc. • Furniture, fixtures, office equipment. • Machinery and equipment • Stock of finished goods, good in process, raw materials as well as packages. • Electrical substation. <p>Extended Coverage</p> <ul style="list-style-type: none"> • Fractures caused by glass accident. • Electrical Injuries. • Loss or damage of insured assets arising from robbery and loot. • Loss or damage of insured assets arising from theft without visible sign of breaking. • Loss or damage caused by machinery interruption. • Loss or damage to electronic equipment and computers caused by accidents, other external factors and burglary. • Loss or damage of cash. • Damage to movable assets located outside the building or outdoor. The protection covers damages caused by wind, rain, hail, flood, sand or dust 	1,507.70*	Aug.31, 2021- Aug.31, 2022	Sappe Public Company Limited
		<ul style="list-style-type: none"> • Business Interruption Insurance 	300.00		

*Remark : Limited coverage for the loss or damage caused by flood in amount not exceeding 450.00 million baht per one time and throughout the period of insurance.

2. Trademark Used in Business Operations

The company owns trademarks or brand logos which have been registered with the Department of Intellectual Property, Ministry of Commerce such as Sappe, Beauty Drink and Mogu Mogu. The registration of each logo has a term of 10 years from the registration date and can be renewed every 10 years. Additionally, the company also has the trademarks registered in other countries such as the Philippines and the United States, and “Mogu Mogu” is among the brand logo which is registered overseas.

The company will extend the registration of its brand logos at the due period. When the company launches products under a new trademark, the company or its subsidiaries will carry out the registration for new trademarks as deemed appropriate. As of 31 December, 2021, the company owns the key trademarks as follows:

Order	Trademark Image	Ownership	Registration Number (Country)	Terms of Trademark
1.		The company	ก343965 (Thailand)	15 Oct. 2010 - 12 Jan. 2030 (In renewal process)
2.		The company	ก326260 (Thailand)	31 July, 2009 - 30 July, 2029
3.		The company	ก353901 (Thailand)	11 Feb. 2011 - 10 Nov. 2030
4.		The company	ก353905 (Thailand)	2 June, 2011 - 1 June, 2031
5.		The company	171115878 (Thailand)	18 March, 2015 - 17 March, 2025
6.		The company	171102579 (Thailand)	15 Nov. 2013 - 15 Nov. 2023
7.	MOGU MOGU	The company	4-2014-013969 (PHILIPPINES)	11 Nov. 2014 - 11 Nov. 2024
8.		The company	D00 2010 039941 (INDONESIA)	5 Nov. 2010 - 5 Nov. 2030
9.		The company	D00 2008 030571 (INDONESIA)	22 Aug. 2008 - 22 Aug. 2028
10.	MOGU MOGU	The company	013443544 (EU)	10 Nov. 2014 - 10 Nov. 2024
11.		The company	007071053 (EU)	16 July 2008 - 16 July 2028
12.		The company	009705773 (EU)	2 Feb. 2011 - 2 Feb. 2031
13.	MOGU MOGU	The company	4923794 (U.S.A.)	5 Nov. 2014 - 5 Nov. 2024

3. Investment in Subsidiaries and Associates

As of 31 December, 2021, the company have invested in subsidiaries and associates as follow:

Subsidiaries	Date of Investment	Paid-up Capital (Million Baht)	Shareholding (Percentage)	Investment at Cost Value (Million Baht)	Proportion to the Total Asset Value of the Company (Percentage)
Direct Subsidiaries					
1. Sappe Europe s.r.o. ("Sappe Europe")	1 July 2013	0.27	60.00	0.16	0.00
2. Sappe Holding (Thailand) Limited ("Sappe Holding")	8 May 2015	390.00	100.00	390.00	10.13
Indirect Associates					
1. Sappe Trading (Hong Kong) Company Limited ("Sappe Trading Hong Kong")	23 June 2015	0.45	100.00	0.45	0.01
2. Sappe Hong Kong Company Limited ("Sappe Hong Kong")	11 December 2015	13.98	100.00	13.98	0.36
3. Sappe Trading (Shanghai) Company Limited ("Sappe Shanghai")	1 November 2016	10.17	100.00	10.17	0.26
4. All Coco Group Company Limited ("All Coco") with subsidiaries as follows: • All Coco Company Limited • K Best Farm Company Limited	1 February 2019	168.00	51.00	196.35	5.10
Indirect Associates					
1. Danone Sappe Beverages Company Limited ("DANONE")	28 February 2019	300.00	25.00	75.00	1.95
2. M Intelligence Co., Ltd.	13 December 2021	4.95	16.21	70.0	1.82

4. Investment Policy in Subsidiaries and Associates

The company has a policy to invest in the business related to the company's core business which has potential in generating profit and opportunities to grow to enhance the company's ability in making profit. The business to invest should also create synergy for the company by promoting the main business operations to be more inclusive or add value to the company business.

The company sets the policy to control and manage the business of its subsidiaries and associates in order to supervise those businesses as part of the company. In addition, the company also has measures to follow the management of the joint ventures to protect its interest of investment. In case of investment in subsidiaries, the company will control and set the management policy, appoint representatives to serve as directors and attend shareholders' meetings. The company's representatives are authorized to vote in accordance with the guideline or direction considered by the board of directors. However, the company has no policy to directly control the associates. For the representatives to be the directors in both subsidiaries and associates, the company will consider this as it sees appropriate, and this depends on the joint agreement.

Currently, the company invested in 2 indirect subsidiaries and closely supervises them and follow their operations in order to reach the investment goals. To emphasize the investment in the subsidiaries, the company received approval from the Board of Directors to appoint the appropriate and qualified persons, Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong and Mr. Arnupap Ruckariyapong, to take director positions in Sappe Holding.

For Sappe Europe s.r.o. in Slovakia, the company has encountered legal limitations stating that a director must have Slovakia as place of residence. Due to the complication to appoint its representatives as directors in Sappe Europe s.r.o., the Board of Directors has approved the charter for the directors and table of operational power of Sappe Europe s.r.o. to be implemented as practices to adhere and follow. The charter is applied to the operations of Sappe Europe s.r.o. as the company's measures to oversee its subsidiary in Slovakia.

The Report of the Audit Committee

The Audit Committee of Sappe Public Co., Ltd. ("Company") consists of 3 independent directors who are knowledgeable, capable, expertise and qualified as prescribed by the Charter of the Audit Committee. Mr. Padungdej Indralak is the chairman of the Audit Committee and Ms. Kannigar Triyangkulsri and Mr. Surath Pralongsilp are the Audit Committee members. All 3 Audit Committee members are not involved in the management, including not being executives, staffs, or employees in the Company, subsidiaries and other affiliated companies.

Throughout 2021, the Audit Committee performed duties in the scope of duties and responsibilities according to the Charter of the Audit Committee that the Board of Directors has given approval and perform duties in accordance with the scope of regulations and guidelines set by the Stock Exchange of Thailand including reviewing of the good corporate governance, reviewing of financial statements, reviewing of the accuracy and appropriateness of the disclosure of connected transactions between the Company and related parties and transactions that may have conflicts of interest, strict reviewing of the suitability of internal control systems and continuous development of internal control systems, and strict supervising of the internal audit department. The Audit Committee has also selected and proposed to the Board of Directors and to a meeting of shareholders to appoint the certified auditor of the Company, including consideration of compliance with professional requirements, performance, quality of the service and appropriateness of the remuneration of the auditors.

The Audit Committee was aware of the duties and responsibilities of overseeing the Company to operate in accordance with the policy of the Board of Directors with efficiency and transparency and to be able to be inspected in every step to ensure that the Company continuously developed the good corporate governance.

In 2021, the Audit Committee has independently and completely performed duties as assigned and has attended the meetings with the management, the auditors, and the internal auditors according to 4 relevant agenda which can be summarized as follows:

1. Comments about Accuracy, Completeness, and Reliability of the Company's Financial Reports

The Audit Committee reviewed the quarterly financial statements and the Company's financial statements for the year

2021 before proposing to the Board of Directors for consideration and approval of the Annual General Meeting of Shareholders for the year 2022 to ensure that the financial reports, connected transactions between the Company and related parties, and transactions that may lead to conflicts of interest, and disclosure of important information were prepared correctly, completely and reliably. The Audit Committee also invited the auditors to attend the meeting on the agenda of reviewing the quarterly financial statements and the financial statements for the year 2021 in order to ask about important issues and to ensure that the said financial statements are consistent with the accounting standards and the financial reporting standards.

In addition, the Company allocated time for the Audit Committee to meet the auditors without the presence of the management team at least once a year to give an opportunity to discuss various issues according to the guidelines in line with the announcement of the Stock Exchange of Thailand.

2. Comments on the Appropriateness of the Auditors

The Audit Committee inspected independence, professional expertise, knowledge and experience, and performance and service quality that the auditors of KPMG Phoomchai Audit Ltd. After reviewing the appropriateness of the remuneration, the Audit Committee agreed that the auditors from KPMG Phoomchai Audit Ltd. performed duties, expressed opinions and provided useful suggestions in the preparation of financial reports and improvements on the internal control of the Company.

After evaluating the performance of the auditors in the past year, the Audit Committee forwarded the results to the Board of Directors meeting to propose to the Annual General Meeting of Shareholders for the year 2022 to consider the remuneration and appoint the auditors of KPMG Phoomchai Audit Ltd. to be the auditors of the Company for the year 2022 continually. The auditors were to be rotated every 7 years as specified by the Securities and Exchange Commission.

3. Supervision of the Internal Control Systems, Preparation of the Internal Control System Audit Plan, and Evaluation of the Sufficiency of the Company's Internal Control Systems

The Audit Committee ensures that the internal control systems of the Company are inspected and revised to ensure appropriateness and stability. The Committee appointed an independent external company to act as the internal control system auditor (Internal Auditor) and to consider the plan for the internal

control systems of the Company for the year 2021. It reviewed the report of the internal auditor's audit performance on a quarterly basis and enforced the internal auditor to follow the progress on issues proposed for improvement. It aimed to ensure that the management department took appropriate actions within the specified time after the management department agreed with the proposals of the Audit Committee on the issues that the internal auditor detected from operations.

Moreover, the Audit Committee appointed P&L Corporation Company Limited as the internal auditor of the Company for 2022 and considered the plan for the internal control systems of 2022.

The Audit Committee and the Board of Directors evaluated the sufficiency of the internal control systems on an annual basis according to the international standards "The Committee of Sponsoring Organizations of the Treadway Commission: COSO" to ensure that the internal control evaluation is effective enough for the operations of the Company.

4. Compliance with Laws on Securities and Exchange, the Requirements of the Stock Exchange, or Laws Related to the Company's Business

After the Audit Committee reviewed the operations in accordance with laws on securities and exchange, requirements, announcements, regulations of the Securities and Exchange Commission and the Stock exchange of Thailand, and other laws related to the operations, they are of the opinion that the Company successfully complied with laws and relevant requirements, announcements and regulations.

5. Review of Transactions that may have Conflicts of Interest

The Audit Committee reviewed the transactions of the Company, including the transactions that may cause conflicts of interest in 2021, with subsidiaries or connected persons. It was intended to ensure that they were common operations which were performed for the maximum benefit of the Company. No transfer of benefits, nor any action against business ethics and Code of Conduct of the Company was founded. On the contrary, transactions were supervised to be consistent with laws, regulations, announcements and rules of the Securities and Exchange Commission and the Stock exchange of Thailand regarding the disclosure of information of transactions that may have conflicts of interest.

6. Review of the Good Corporate Governance of the Company

The Audit Committee promoted the Company's good corporate governance and oversaw the operations of the Company in accordance with the principles and guidelines for the good corporate governance of the Stock Exchange of Thailand. The Audit Committee strictly and fully complied with the said guidelines

and determined the audit of the internal control systems of the Company to ensure that the Company complied with the supervision guidelines appropriately and consistently. This was to ensure the Company's acceptance and build confidence among shareholders and all interested parties.

7. Evaluation of the Performance of the Audit Committee

The Audit Committee evaluated the performance of the Audit Committee on an annual basis. In 2021, the appraisal of the performance of the Audit Committee covered 4 categories: (1) qualifications and independence of the Audit Committee (2) duties and responsibilities of the Audit Committee (3) the meeting of the Audit Committee and (4) receiving information from the company and a training. The Audit Committee has suggested important issues for the Company to improve its performance.

In conclusion, the Audit Committee performed the duties and responsibilities as outlined in the Charter of the Audit Committee approved by the Board of Directors by using sufficient knowledge, ability, carefulness, prudence, and independence for the equal benefit of all stakeholders. The Audit Committee is of the opinion that the financial reports of the Company are accurate, reliable, compliant with the generally accepted accounting standards. The Company has appropriate and effective internal control management, consistent operation in accordance with the good corporate governance system, and compliance with laws, regulations, and obligations relating to the Company's operations

On behalf of the Audit Committee,



(Mr. Padungdej Indralak)
Chairman of the Audit Committee

SAPPE.COM



lifeatsappe



Sappe Playground



Sappe



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